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# East Europe Report

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10 SEPTEMBER 1986

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## WORSENING ECOLOGICAL SITUATION OF AGRICULTURAL LAND DEPLORED

Bratislava ZIVOTNE PROSTREDIE in Czech No 2, 1986 pp 61-64

[Excerpts from article by Jaromir Demek: "Structure and Stability in Agricultural Regions"]

[Excerpts] In addition to their main, production function, agricultural regions have other uses as well, consistent with the multipurpose, poly-functional use patterns of most land in our country. Agricultural land also serves a residential function, inasmuch as it is the direct site for human settlements. As such it must be developed to meet specific hygienic and aesthetic standards as well. In a number of oblasts agricultural land is also used for both short-term and longer-term recreational purposes. Agricultural land also provides an environment for wild animals. There are, moreover, frequently water supplies under agricultural land that are exploited to provide water to population centers, or which will be developed for this use in the future.

In the past 40 years our agricultural land has changed substantially. We have lost about 12 percent of the previous agricultural land stock, which also means that the distribution of agricultural land has changed. The major change, however, is that whereas our agricultural land in 1945 was divided by property lines into hundreds of thousands of small parcels averaging 23 ares in size, its current structure is based on fields with an average size of 15 hectares. Along with this change most of the boundaries, stands of brush, wetlands, as well as field paths with their frequently occurring hedgerows also disappeared. In 1985 our leading expert in this field, Vanicek, estimated that between 1945-1980 we removed from our agricultural land stock some 3,600 hectares of trees, bushes and grassy areas, along with 4,000 kilometers of linear greenery covering an area of 1,400 hectares. Some 2,000 hectares of trees and bushes were also removed from the vicinity of settled areas. Centralized agricultural production facilities (cowhouses, hoghouses, silos, silage pits, etc) have been appearing often outside the buildup parts of towns on high quality land and on land otherwise utilized by local residents. There has been a significant expansion of the irrigation and draining of agricultural regions. This is clearly demonstrated by the increase in yields from field crops and in the amounts of chemical fertilizers being added to the soil. For example, yields of the main agricultural crops have increased as follows in relation to the prewar period:

<u>Crop</u>	<u>Period</u>		<u>Growth Index</u>
	<u>1934-1938</u>	<u>1976-1980</u>	
Wheat	1.71 tons	4.05 tons	2.17
Rye	1.60 tons	3.13 tons	1.96
Alfalfa	1.70 tons	3.73 tons	2.19
Grain corn	2.14 tons	4.50 tons	1.98

At the same time, while in 1960 the average consumption of chemical fertilizers was about 60 kilograms per hectare in net nitrogen, phosphorus, potassium nutrients, by 1985 the figure had increased to roughly 258 kilograms per hectare in the CSR. There was also a substantial increase in the overall energy and material intensiveness of maintaining productive geosystems in agricultural regions (this problem is treated in more detail by Ungerman).

The transformation of agricultural regions by collectivization and the industrialization of agriculture represents one of the greatest changes in the environment of human society in the past 40 years. These were necessary changes. Currently, however, in addition to the positive changes we notice also a number of negative phenomena that are serious enough for us to explore ways to correct them.

We understand agricultural regions currently as geosystems in which, in addition to natural components (such as geographic contours, height above sea level, air quality, etc.) there are also natural-technical components (such as irrigation and drainage systems) and anthropogenic (technical) components. All of these components are joined together by direct and reciprocal material, energy, and informational ties, and jointly constitute the structure of the agricultural regions.

The formation of simplified production ecosystems (basically monocultures) has, from the beginning, required that we intervene in natural balances of a region that were previously self-regulating. Nevertheless, over thousands of years agriculture was able to retain a certain degree of this self-regulation, particularly by means of the trophic relationships in agricultural regions. The industrialization of agriculture, on the other hand, leads to more and more disruption of regional relationships. As a result there is a decline in the stability of an agricultural region as a geosystem, as well as a decline in the stability of its individual components. In our agricultural regions the natural components are slowly disappearing and being replaced by natural-technical and technical components. These natural-technical and technical components, however, require constant regulation by people, and this is becoming more and more material, energy, and information intensive. Ungerman cites an example in his article. While the energy intensiveness of our national economy grew by 57 percent between 1968-1973, the energy intensiveness of agriculture grew by 120 percent over the same period. Trophic relationships in agricultural regions are being gradually replaced by chemical relationships (pesticides, etc.).

The result of this type of development in an agricultural area is a decline in its stability. Generally, we define the stability of a region to be its ability to overcome the impact of forces that attempt to change the structure and way that the region functions. For cultivated regions we include in this definition as well the ability to continue to perform the socio-

economic function of the region. For agricultural regions these are not only the production functions (i.e., food production that meets the requirements of Czechoslovak State Standards), but also other, nonproduction functions. Fields with less stable and even unstable ecosystems will continue to predominate in agricultural regions. Nevertheless it is necessary to limit more emphatically than in the past the instability of agricultural regions. Currently the indications of growing instability are, on the contrary, on the rise. These involve primarily the acceleration of certain natural processes, such as accelerated erosion on slopes and the related acceleration in the loss of organic materials from the topsoil, the accelerated outflow of water from regions, reduced animal populations in given regions, even the disappearance and extinction of certain types of organisms, the excessive growth of populations of insect pests because of reduced plant resistance, the pollution of ground and surface water (by nitrites and nitrates), unpleasant smells in the air in some regions, disruptions in the natural beauty of some regions, and other unpleasant phenomena. These phenomena indicate that the relatively closed cycles in agricultural regions have become more open and that more wastes than previously are escaping into the environments of agricultural regions. This is another indication of the declining stability of the soil subsystem of agricultural regions.

In this issue of our magazine experts attempt to identify ways to increase the stability of agricultural regions. The primary problems that are discussed are:

- a) limiting the use of chemical relationships for regulating agricultural regions and the reestablishment of biological relationships; this question is not simple and experts are not in full agreement as to the specific means for achieving it, but it is generally acknowledged that there must be a change in current chemical techniques of regulation (Folk, Syoboda, 1986);
- b) improving the protection of agricultural regions against catastrophic events and cutting back on certain energy and materials intensive programs which have shown themselves not to be very effective and sometimes even harmful (such as the setting up of large terraces, the unjustified drainage of areas with springs, the ploughing up of meadows, etc.);
- c) increasing the sophistication of territorial planning in agricultural regions and increasing the importance of ecological criteria when planning the location of individual agricultural biocoenoses in a region (Bucek, Lacina, Low, 1986).

Agriculture is sometimes considered today to be the greatest source of pollution of our environment. The fact is that more wastes escape from agricultural systems to the environment than has previously been the case. We must think seriously about this fact and look for ways to increase the self-regulation and stability of agricultural regions. What is needed is a systemic approach to solving the problem because isolated solutions are no longer adequate today. In addition to agricultural experts, biologists, territorial planners, geographers and systems engineers must cooperate in solving these problems.



INTERDISCIPLINARY SUPPORT FOR AGRICULTURAL DEVELOPMENT URGED

Krakow AURA in Polish No 6, Jun 86 pp 6-8

[Interview with Prof Tadeusz Wojtaszek, chairman of Team 6 "Feeding the Nation--Possibilities, Prospects," by Krystyna Bonenberg]

[Text] The chairman of Team 6, Tadeusz Wojtaszek, is a full professor at the Agricultural Academy in Krakow, associate member of PAN [Polish Academy of Science], chairman of the PAN Committee for Mountain Land Management and member of the PAN Committee for the Nation's Land Use Management, and also member of the Council of Ministers Food Management Council. He is also active on the international forum as a member of the International and American Horticultural Society.

[Question] There was a period in our country of a lack of interest in agriculture. This was spurred on by the opposition to it of industry which was to assure heaven on earth for us. Indeed, we did create industry but there is no longer any place to "locate" paradise because the soil is contaminated; covered with piles of ash, sludge and trash; drenched with acid rain and ravaged by bulldozers. During those years, Prof Tadeusz Wojtaszek was an advocate of obvious truths: that without agriculture we cannot harmoniously develop the economy. As the rector of the Agricultural Academy, he developed this school with persistence and effort deserving of the highest praise. Owing to the professor, new directions were created, the horticultural department was enlarged to include modern facilities, and several student housing complexes were erected. This was of such great benefit during the crisis years.

As the editor-in-chief of AURA during its first years, he placed primary emphasis on the need for developing ecological awareness because that, among other things, could have lead to changes in the mentality of the public and of the decision-makers.

Today, no one doubts that Prof Wojtaszek and those like him were right.

What postulates did the team directed by you present at the congress?

[Answer] Above all, we pointed out that the stoppages in the agricultural production, which to a considerable degree were the result of a changeable

and ambiguous agricultural policy, were the main catalyst of social crises whose sources were in the nonagricultural areas of economic and social life. It was also pointed out that agriculture was too often the object of political squabbles which consequently led to the turning away from agriculture. Added to this were unfamiliarity with the social and economic changes of rural areas and the improper management of industries that rendered services for agriculture.

We also pointed out that despite these shortcomings, despite the unfavorable, historically shaped agrarian structure and despite serious shortages in the supply to industries of the means of production, agriculture turned out to be the best suited area of the national economy to withstand the effects of the crisis--the most flexible and systematically increasing production in all sectors.

[Question] What is the contribution of agriculture to the national income?

[Answer] Approximately 16 percent but in the structure of market supply deliveries, the percentage share of agriculture comes to 45 percent of which 35 percent is in food products. The total and net production of agriculture has been rising rhythmically since 1982 thus enabling the constantly better satisfaction of the needs of the market and increasing exports which until last year rose two and a half times. The contribution of science to all of this is considerable. Despite many well-known difficulties and the insufficient funding of research, many new, improved and more yield producing varieties of wheat, triticale, rye, rape, peas, vegetables as well as fruits and flowers have been introduced to science. Owing to research work, very good varieties of sheep, hogs and broiler chickens have been obtained with very good useful traits. Many more examples of this kind may be given.

[Question] Your remarks about the effects of research in the field of agriculture confirm the research work of scientists at the University of Minnesota (Lunf-F ai Wang A: Comparative Analysis of Agricultural Productivity Growth Among Socialist Countries, 1985 University of Minnesota) dealing with the contribution of research in socialist countries to raising the efficiency of agricultural production between 1960 and 1980. This contribution turned out to be highest in Poland. It came to 17 percent as far as work productivity is concerned and 22 percent in increasing the soil yield. The average annual results in terms of zlotys came to 67 billion zlotys annually.

[Answer] Yes, Prof A. Rutkowski, secretary of the PAN Department of Agricultural and Forestry Sciences spoke about this. This corresponds to one-third of the amount that we would like to obtain for all scientific research in the country. We hope that the Congress has pointed out the necessity of a different look at the role of the nation's food economy, of perceiving the possibility of this branch of the economy in creating the national income, and in supplying the domestic market as well as in increasing exports. The consequences of this ought to be the approval of claims of the representatives of agricultural sciences for the allocation of funds for scientific research proportional to the role and effects of these sciences in increasing plant and animal production.

[Question] As you have mentioned, agriculture is a branch of the national economy which should be served by scientists representing various scientific disciplines.

[Answer] Essentially, that is how it is. The level of Polish agriculture will depend on the state of Polish science as a whole. I shall begin with political and social sciences. We expect them to identify the effect of political and social factors on the shaping of agricultural policies and to elaborate the theory of a socialist society appropriate for current phase of its development under the specific conditions of our nation. Problems pertaining to the political and social awareness of groups acting within the sphere of agriculture and the food economy require more extensive treatment in scientific research. The working and living conditions of these groups differ significantly from the conditions in which the social groups acting in industry live and work.

In the area of natural sciences, biological sciences, which intermingle with agricultural sciences, are of special significance for the development of agriculture. That is why their development and accomplishments will have a great impact on plant production. Agriculture needs assistance from mathematicians in the field of computer science. From the chemical sciences, we anticipate a greater interest in the synthesis of new compounds that regulate the life processes of plants and animals and that protect them from diseases, pests and weeds.

The mechanization of agriculture requires new energy-saving solutions in the area of machine design both for plant and animal production and for the processing and preserving of food as well as plant and animal raw materials. Inventory building [budownictwo inwentarskie] requires modernization. The results of studies in the area of earth science and agricultural environmental protection will have a great significance for agricultural development. It is a well-known fact that all constituent parts of the environment are being poisoned and this can constitute a serious barrier to the projected growth of agricultural production.

Agriculture should be the subject of great interest on the part of medical science, among other reasons, because the quality of food has a significant impact on public health. There is also the urgent need for determining the reasons for various diseases of the rural population that frequently defy diagnosis and that result from specific working and living conditions.

[Question] You have presented the observations and proposals of Team 6. What was the attitude of the congress toward them?

[Answer] Permit me to quote the resolution of the congress with regard to this matter.

"The strategy of the development of agricultural and forestry sciences assumes that interdisciplinary studies are the most effective. The rational steering of the involved complex of feeding the nation requires access to an indispensable storehouse of information from a vast area of knowledge and its influence on economic decisions pertaining to:

- the shaping of the agricultural-forest environment;
- the improvement of the means and conditions of agricultural and forestry production and the methods of processing plant and animal products;
- the development of new techniques, technologies and organization within the broadly understood area of food production;
- the socioeconomic determining factors of rural development and the food economy."

The ecology of agricultural and forest environments as well as the cycle of matter and the flow of energy, which occur in intensively utilized ecosystems, should become thoroughly recognized and understood. We must develop useful rules of shaping the agricultural-forest landscape in land-use planning. The soil, water and air constitute the basic elements of the ecosphere which determine food and timber production and, therefore, require familiarity with the mechanisms of their optimum use and the development of methods of protection against contamination and deterioration. Developing the principles of the rational management of water resources while taking into account the living conditions of the rural population constitutes an important task.

The various comprehensive research studies should elaborate the proper methods of recultivating the soil that has been ravaged by industrial activity and of increasing the biological potential of light and acid soil.

The improvement of agricultural production requires advanced studies in the area of agrophysics, bioengineering, physiology and plant and animal genetics, particularly in terms of biosynthetic processes, nitrogen management and the biological barriers of plant and animal productivity. Genetic engineering methods, which at the turn of the century should already influence increased plant production, are of great significance for future progress. The concurrent development of classical studies, particularly on the biological activity of seeds, the technology of soil and plant cultivation, and the improvement of the methods of protecting them is indispensable. Research on the physiology and genetics of farm animals should be developed for the purpose of obtaining comprehensive use from them, for health protection and for curbing energy losses in nourishment.

Improving the means and methods of processing products of primary agricultural production particularly concerns food technology. There exists the necessity of developing research studies on the phenomena which occur in the procedures of processing plant and animal raw materials and on the factors that shape the biological and sensory quality of food. The improvement of physical, chemical and biological methods in the processing and conserving of feed and food as well as protecting them from contamination ought to be the subject of particularly thorough research. Of great importance is increasing the food potential by searching for new sources of feed and food by means of biosynthesis and the use of by-products.

The development of studies on the state of the nourishment of the nation and the rational nourishment of a healthy individual have an important meaning for the socialist society.

The research programs of forestry should relate to the economic significance of forests and environmental protection. This gives rise to the need for becoming familiar with the principles of the shaping and protection of forest ecosystems under conditions of strong anthropogenic pressure and for working out a new model geared toward strengthening the environment-creating [srodowiskotworczej] role of forests which is important for the overall picture of the food complex. The research directions in the area of arboriculture [drzewnictwo] should be concentrated on the rational use of timber raw material, its refinement and the methods of obtaining wood-like materials.

It is indispensable to undertake a complex research program in the field of agricultural, forestry and food processing techniques geared toward mastering energy-saving technologies and the use of unconventional sources of energy. It is necessary to adapt farming equipment and the forms of its utilization to the structure of rural organization and to use electronics, computerization and computer science in research work and in practice.

Studies in the area of agricultural economics, forestry and food processing should be oriented toward the creation of economic structures and mechanisms conducive to the raising of the efficiency of financial outlays and human work productivity. Studies on alternative strategies of agricultural development and that of the food economy over a long period of time should be conducted. Research studies on the social and economic conditions that influence the agrarian and socio-occupational structure of rural populations and the shaping of the skill of professional farmers and on the mechanisms of spreading agricultural progress require intensification. The attitudes and motivations in the activity of various farmers groups in concrete social and environmental conditions require thorough analysis. Studies on the economics and strategy of the activity of all types of farms and enterprises functioning within the complex of the food economy and forestry should be intensified.

[Question] Are the representatives of the agricultural sciences satisfied with the above presented resolution of the congress? Does the resolution assure agricultural development in the very near future and in the long-range prospects of the beginning of the 21st Century? If not, then in your opinion what else should be added to it [resolution]?

[Answer] At the session of the PAN Department of Agricultural Sciences, we found that in comparison with the resolutions of the Second Congress, more attention was devoted to agricultural sciences and they were treated more thoroughly in the material and resolutions of the Third Congress. The effectiveness of these resolutions will be determined by state scientific policy during the coming years and also the commitment of scientific communities and not only that of the agricultural scientific community. In turn, this commitment will have an effect on the shaping of scientific policies.

[Commentary] Indiscretion?

During the Scientific Congress, there was talk of severe shortages in the area of equipment, reagents and reference material from around the world. The lack of foreign-exchange. During visits to the Agricultural Academy, I noticed that the newest issues of high ranking scientific journals were being circulated among the employees of the Horticultural Department, e.g., HORTSCIENCE, JOURNAL OF THE AMERICAN SOCIETY FOR HORTICULTURAL SCIENCE, CHRONICA HORTICULTURAE. I thought--things are not as bad as they seem. Unfortunately, it turned out that these journals are received by Prof Wojtaszek as a member of international horticultural societies and...he pays dozens of dollars annually for them out of his own pocket. It is difficult to determine whether there still are and if so, how many, professors in Poland who do likewise. Nonetheless, this particular case should be dedicated to those who are responsible for science and who demand from it constantly new results on a world-class level.

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## CEMA R&amp;D PROGRAM PROGRESS REVIEWED

Prague HOSPODARSKE NOVINY in Czech No 26, 1986 pp 1, 4

[Article by Eng Karel Matejka, Research and Development Research Institute, Prague: "A Critical Task for Us: Comprehensive Program for R&D Progress for the CEMA"]

[Text] In terms of speeding up the socio-economic development of our society, active participation in the execution of the Comprehensive Program for R&D Progress for the CEMA Member Countries Through the Year 2000 is extremely important for Czechoslovakia. However, the cooperation that will be required will place very great demands on our resources and the results that are achieved will have an impact in areas other than in the CSSR. For this reason the question has already arisen, even such a short time after the December meeting of the CEMA in Moscow, where the program was adopted: how are we progressing in the initial stages of the program?

Work on executing the Comprehensive Program for R&D Progress for the CEMA Member Countries Through the Year 2000 [hereafter Comprehensive Program; This program has been the subject of article in HOSPODARSKE NOVINY in numbers 37, 44, and 48 of last year and in numbers 3, 6, 13, and 17 of the current year] began practically immediately after its adoption. This work is currently evolving along two basic paths.

In instances where the program represents a continuation of already existing R&D and economic cooperative programs the research is continuing at an intensified pace and the research results are being put into production at a faster pace than previously. In other words, the Comprehensive Program extends the augments previously signed intergovernmental agreements and further specifies plans (detailed programs) of R&D and economic cooperation. At the level of khozraschot organizations agreements are also being made concerning R&D and production specialization and cooperation.

In newer areas, where cooperation is beginning with the inclusion of a task in the Comprehensive Program, drafts are being rapidly formulated and discussed of detailed cooperation plans, their technical and economic supporting documentation and work plans for the 1986-1990 5-Year Plan. The requisite intergovernmental agreements on cooperation over the full cycle of research-development-production-marketing are being drafted and

discussed, along with the related contracts for cooperation among the participating research, development, production and foreign trade organizations.

### One Hundred Main Organizations

Almost 100 so-called lead organizations, each responsible for a single problem, have undertaken the task of organizing these activities with great initiative. All of them are based in the USSR. These coordinators are responsible not only for high levels of technical sophistication and quality, for adhering to established deadlines for the resolution of R&D tasks, but also for the timely initiation of mass production and, of course, for the preparation and negotiating of the requisite intergovernmental agreements and contracts with the cooperating organizations regarding the laws that will apply to the citizens working on these projects. These lead organizations are basing their conduct on the principles of program fulfillment which were established in the original program document and in the proposed tasks, rights and privileges of the lead organizations, which were adopted in March at the 34th Session of the CEMA Committee for R&D Cooperation and approved by the CEMA Executive Committee. These documents list a number of tasks for the lead organizations:

1. They prepare the technical and economic documentation for the work involved in a given task. This includes stating the results that cooperation is supposed to yield, the parameters of these results, the deadline for project completion, approximate volumes of resultant output, projected costs to be incurred, how the work will be performed and how it will be financed.
2. They compile a detailed listing of the cooperative program for the participating organizations covering the entire research--development--production--marketing cycle. Based on this it must also present drafts of the necessary intergovernmental agreements.
3. In conjunction with the pertinent agencies of the participating countries lead organizations approve a detailed program draft covering cooperation with all participating organizations and enterprises, both in the R&D area as well as in the field of production specialization and cooperation and mutual deliveries of specialized production.
4. They develop proposals for the development of special scientific instruments, the procurement of hard to obtain materials, and for obtaining the licenses and "know-how" needed to conduct the detailed cooperative program.
5. After signing an agreement with the participating partners, they obtain information about work that has been performed by using international systems of scientific and technical information maintained by the CEMA.
6. The lead organizations perform a large share of the work involved in establishing technical norms (standards) for the CEMA, developing the techniques and equipment for the necessary measurement and testing of the new equipment.



7. They conduct, along with partner organizations, patent research and assist research organizations in assuring that specific findings can be patented and in the legal protection of R&D results.
8. They provide to organizations working on a specific problem methodological assistance as needed and upon request will make recommendations regarding an approach to a given R&D project.
9. Based on agreements with participating organizations, lead organizations evaluate the results of research and experimental work as well as machinery, instruments, equipment and other products, materials and technical procedures that may have been developed.
10. They prepare proposals for the utilization of the achieved results in the economies of the participating CEMA countries, including international production cooperation and specialization and, upon request from a given country, they will also provide technical assistance in putting research results into production.

It is important that lead organizations be in direct contact with the cooperating organizations and firms during the conduct of their work. They have the authority to convene conferences of specialists, seminars, conferences, and symposiums and to require that participating organizations submit the necessary information on the course and progress of work in fulfilling the detailed cooperative plan. They may also propose the establishment of joint R&D collectives and laboratories, scientific-production associations and enterprises.

#### What Has Been Achieved So Far

It may be stated that the lead organizations are handling the initial phases of the implementation of the Comprehensive Program well. Of the 93 problems grouped into the five priority areas of the program, during the first quarter of this year the lead organizations submitted for negotiation and approval to cooperating organizations to the CEMA 84 proposals for detailed cooperative plans, all of which were for the most part well documented technically and economically and included drafts of the agreements for multilateral cooperation. In 60 of these instances there were conferences between experts from the participating organizations and firms between January and April of this year. At these conferences the proposed programs were further specified and augmented, the necessary work was divided among the participating institutes, development organizations and firms, the governments involved placed preliminary orders for deliveries of the final products, projections were made concerning possible production volumes in view of existing and planned production facilities, etc.

Taking into account existing cooperative programs covered by intergovernmental agreements, the status of the first phase of the fulfillment of the Comprehensive Program as of the end of the first quarter of 1986 may be presented in tabular form as follows.

# Comprehensive Program Fulfillment as of 1 April 1986

<u>Priority Area</u>	<u>Number of Problems</u>	<u>Number of Detailed Program Proposals</u>	<u>Number of Proposed New Agreements</u>	
Electronization	34	33	10	(12)
Comprehensive Automation	13	12	12	(16)
Nuclear Power	17	10	3	( 9)
New Materials	10	10	9	( 9)
Biotechnology	9	19	14	(14)
Total	93	84	48	(60)

Note: The number in parentheses represents the total number of intergovernmental agreements on R&D and economic cooperation that should be signed eventually.

It is clear from this table that the programs in the areas of electronization, new materials and technologies and biotechnologies are the farthest advanced. In other fields work on certain problems will begin after 1986. For this reason proposals for some detailed programs and intergovernmental agreements could not as yet be submitted.

A quantitative evaluation, in other words, is positive. Some tasks that were fulfilled rapidly (such as a number of detailed program proposals and proposed intergovernmental agreements that were submitted in January) however, suffer from the speed with which they were put together and do not meet required quality specifications in all areas. This became evident during the discussion of the proposal at conferences of representatives of the participating organizations. Some detailed program proposals, for instance, do not divide up the work among the cooperating organizations and are not formulated according to the methodology specified in the organizational, methodological, economic, and legal principles for R&D cooperation among the CEMA member countries. Because an average of four organizations cooperate on a given task, it is all the more important to have a precise international division of labor at the R&D phase, as well as when organizing mass production. Moreover, proposed intergovernmental agreements in many instances do not provide for cooperation throughout the research--development--production--marketing cycle, confining themselves only to cooperation in R&D. They do not specify the procedure, production volumes, required deliveries, etc. Detailed plans and cooperative programs are also in some instances not accompanied by sufficient technical and economic supporting documentation.

This information is confirmed by the fact that according to the detailed cooperative program proposals that have been submitted (and which are still being negotiated) there are at the present time some 1,400 specific tasks. More than 300 of these (about 21 percent) are to be completed at the research phase, with an additional 630 (about 45 percent) to be completed at the design, product engineering, technological and other

developmental work. Specialized and cooperative production should be responsible for handling 440 tasks (about 31 percent)! These figures are in clear conflict with the program objectives.

The CEMA Committee for R&D Cooperation, which took up the current status of the fulfillment of the Comprehensive Program at its March meeting, stated that the first phase is so far progressing satisfactorily. Based on an evaluation of the talks and results of the conferences between cooperating organizations it concluded that the pace of work could be stepped up still more. It requested that the CEMA member countries speed up the established schedule for completing the first phase and that they take steps to sign the remaining intergovernmental agreements, economic contracts and cooperation contracts for problems that will be worked on in 1986 by the end of May of this year. It also requested that they take steps to eliminate minor shortcomings. This position was reiterated by the 199th Plenum of the CEMA Executive Committee.

#### Steps Being Taken in the CSSR

Czechoslovakia is working intensely and carefully on the Comprehensive Program. The CSSR considers the execution of this program as a critical element in its economic and R&D policy. The strategic areas of the program correspond fully to Czechoslovakia's main requirements. Currently Czechoslovak organizations are cooperating on 897 of the tasks in all five priority areas of the Comprehensive Program. In 87 instances they will fulfill the function of lead organization--the coordinator of work on the task (none of which are priority problems). The GDR is playing a similar role on more than 700 tasks, as in Bulgaria (also on more than 700 tasks).

Prior to adopting this program, and particularly this year, Czechoslovakia took steps to provide for the commitments that this program implies for us during the final stages of work on the Eighth 5-Year Plan and state implementation plan for 1986. Almost immediately after its adoption a group of additional essential economic, organizational and legislative measures were formulated.

In January the government named the sectors--contractors for the tasks in individual priority areas. The government also decreed that previously signed agreements for bilateral cooperation between the CSSR and other CEMA countries must be revised to correspond to the content of the program. The government also decided to conduct an experiment to test modifications in the planned management system of the Czechoslovak economy and direct that an information system be designed to monitor our participation in the Comprehensive Program (CSSR Government Resolution No 12/1986, 16 Jan 1986).

Another important step on the way to activating our participation in the Comprehensive Program was the adoption of a framework of regulations for establishing and implementing direct relations between Czechoslovak organizations and their partners from the CEMA member countries (CSSR Government Resolution No 100/1986, April 1986). The adopted regulations

contain a number of principles supporting Czechoslovak participation (see HOSPODARSKE NOVINY, No 23 1986).

The most recent step that has been taken was Federal Government Resolution No 113/1986 dated 24 April 1986, concerning the principles for administering the Comprehensive Program in the CSSR. This resolution establishes the responsibilities and rights of all participating central agencies of the state administration and of Czechoslovak leading and participating organizations. Overall coordination has been delegated to the chairman of the State Commission for R&D and Investment Development.

The government resolution also contains authorization for the chairman of the state commission and the minister of foreign trade to approve in the name of the government (after conferring with the chairman of the State Planning Commission and that member of the government responsible for the priority area in question) proposals for intergovernmental agreements on R&D and production cooperation that pertain to the Comprehensive Program. These steps make simpler and more flexible the contractual confirmation of R&D and economic cooperation. In conjunction with other measures they make it possible to lay the necessary groundwork for program fulfillment.

9276/12899  
CSO: 2400/360

## RECENT DEVELOPMENTS IN FOREIGN TRADE DESCRIBED

## Trade With Capitalist States Discussed

Prague SVET HOSPODARSTVI in Czech No 68, 1986 p 2

[Article, author not given: The CSSR and Developed Capitalist Countries: To Further Increase Trade"]

[Text] The mature capitalist countries accounted for 15.5 percent of the total foreign trade turnover of the CSSR during the Seventh 5-Year Plan, down from 23.1 percent in 1980. This trade continues, however, to play an important role in Czechoslovak economic development, especially in terms of imports of new machinery, technology and consumer goods to supplement supplies on the domestic market.

From 1981 through 1984 total trade with this group of countries declined by 4.2 percent, with imports declining by 13.3 percent while exports increased by 6.2 percent. This relatively slow growth in exports was not merely the result of coincidental fluctuations on foreign markets, but also resulted from the slow pace of adaptation of Czechoslovak producers and foreign trade organizations to the strict requirements of foreign customers. In 1985 we succeeded in revitalizing significantly our trade with capitalist countries. Overall volume increased by 4.3 percent over 1984, with exports increasing by 1.9 percent and imports by 7.0 percent. These trade results also contributed to restoring economic equilibrium in hard currencies, because the value of exports exceeded that of imports by Kcs 423 million (in all charges paid foreign currency prices).

In the preceeding 4 years of the Seventh 5-Year Plan the CSSR ran an annual foreign trade deficit of about Kcs 414 million. There is still, however, a relatively high percentage of raw material type goods in Czechoslovak exports (rolled materials, timber, fuel, etc.) with products of the processing sectors, especially general engineering, still having a relatively small role in total exports.

A significant percentage (57 percent) of Czechoslovak foreign trade with mature capitalist states is with the countries of the European Economic Community [EEC]. Total trade with these countries in 1985 increased by 4.8 percent over 1984, with exports increasing 2.8 percent and imports by 7.0 percent. This exchange left the CSSR with an export surplus of

Kcs 643 million. In the previous 4 years of the Seventh 5-Year Plan there had been an average annual surplus of Kcs 759 million annually. The CSSR recorded trade surpluses above all with its largest trading partners from this area. The surplus with the FRG was Kcs 310 million (in the previous years of the 5-year plan it had averaged Kcs 536 million) and with Austria was Kcs 427 million (during the previous 4 years Kcs 96 million). There were trade surpluses as well in trade with Italy, France, the Netherlands, Greece, Denmark, the United States and Canada, while the CSSR ran trade deficits with Switzerland, Belgium, Great Britain, Japan, Sweden, Finland and Australia.

There appear to be possibilities during the Eighth 5-Year Plan for increasing trade with the mature capitalist countries, but it will require further improvements in the export capabilities of the Czechoslovak economy, including an increase in the technical sophistication and quality of Czechoslovak products and flexibility of Czechoslovak supply capabilities. Products that require more processing, and particularly engineering products, should make up more of total Czechoslovak exports, and more sophisticated forms of cooperation should be developed. Imports should be used to a greater extent to facilitate the implementation of planned modernization programs.

#### CSSR Complaints of Obstructionism in Trade

Prague HOSPODARSKE NOVINY in Czech No 27, 1986

[Unattributed article by Eng Zdenek Padevet, Federal Ministry of Foreign Trade: "Obstructionism Gains Nothing: Our trade with Mature Capitalist Countries"]

[Text] The share of Czechoslovak foreign trade accounted for by the mature capitalist countries fluctuates at around 16 percent. Our republic, which has repeatedly expressed its desire to develop mutually beneficial trade relations with countries of another social order, is pursuing with an assertive trade policy the goal of increasing the incorporation of its economy into the international division of labor, to participate more effectively in its advantages. We are not finding, however, very many partnerships that could be said to be characterized by the same objectives and good will. This is the reason that the volume of trade between the CSSR and the mature capitalist countries has remained in monetary terms the same in 1985 as it was in 1980.

Serious problems occurred in our trade with the mature capitalist countries in the Seventh 5-Year Plan. The economic crisis that these countries experienced in the early 1980s led to a decline in foreign trade with them. The mature capitalist countries during this period weakened the principles of free trade and expanded their policies of protectionism and the bilateral evaluation of trade.

#### Increasing Pressure

They have used anti-dumping regulations to a greater extent to restrict certain imports under the slogan of protecting domestic industry. In the

early 1980s these countries announced a freeze on credit for the socialist countries, including the CSSR. This action forced us to take a number of counter actions to limit the negative consequences of this credit freeze on our economy. The mature capitalist countries also instituted a number of discriminatory measures to control exports of selected items to socialist countries. The United States succeeded in forcing practically all the Western European countries to adhere to the conditions of the so-called COCOM list which, although presented as a means to restrict deliveries for the arms industry in the socialist countries can in fact restrict the exporting of everything that the United States for any reason at all does not want to sell to these countries. The real objective of this policy is to retard the investment and innovational development of the socialist countries. Large increases in the prices of certain important imported raw materials and semi-finished goods also played a negative role in foreign trade.

Because of the situation that arose in the capitalist countries in the economic and trade policy realms it became necessary to resolve the issue of the balance of payments of the CSSR and the problem of marketing those goods which we could not sell to those countries. We were able to deal with both tasks. Czechoslovak products that were first designated for sale in the developed capitalist countries were diverted to socialist countries, especially the USSR. This once again confirmed the value of the close cooperative relationship that the CSSR has with countries of the socialist community. In terms of the balance of payments with the capitalist countries we were able to balance it by the end of the Seventh 5-Year Plan. We thus took the steps that had to be taken to be sure that the situation which led to the credit freeze of the early 1980s could not be repeated.

#### Changes in Structure

The way in which the situation at the beginning of the 1980s was resolved led to significant changes in the structure of Czechoslovak foreign trade. Trade with the socialist countries had increased from 68.7 percent to 77.7 percent of the total between 1980 and 1985. The share of this trade accounted for by the mature capitalist countries declined from 23.4 percent in 1980 to 15.9 percent in 1985. In monetary terms foreign trade with the CEMA countries was 67.3 percent higher in 1985 than it had been in 1980. Trade with the mature capitalist countries, on the other hand, remained the same in monetary terms in 1985 that it had been in 1980.

Regarding the territorial structure of Czechoslovak foreign trade with the capitalist countries, by the end of the Seventh 5-Year Plan the largest trading partner was the FRG, which accounted for 27.92 percent of all the trade with this group of countries in 1985. Austria followed with 15.12 percent, then Switzerland with 10.06 percent. The top seven mature capitalist countries in terms of trading volume with the CSSR account for 76.21 percent of CSSR trade with this group of countries in 1985. The largest capitalist trading group, the EEC, accounted for 58.14 percent of total CSSR foreign trade with mature capitalist countries in 1985, while the European Free Trade Association accounted for 28.58 percent. Mature

capitalist countries from across the seas accounted for 6.74 percent of this trading volume. In other words, most of Czechoslovak foreign trade with mature capitalist countries takes place with Western European countries, with the FRG and Austria accounting for 43.04 percent of it. Considerable attention is being paid to developing foreign trade with those countries with whom the CSSR has signed long-term agreements for economic and trade cooperation, namely Denmark, Finland, France and Greece. These countries accounted for a total of 10 percent of Czechoslovak trade with mature capitalist countries in 1985.

#### Quality Versus Discrimination

The specific items that we import are dictated by the needs of our economy, and those that we export depend on our export capability. Most of our imports are machines, turn-key projects, raw materials and semi-finished goods. Items from these groups accounted for 79.2 percent of total imports in 1985, with machines and turn-key projects accounting alone for 38.6 percent of imports. The largest percentage of total exports consist of energy sources, fuels, raw materials, and semi-finished goods. Items from these categories accounted for 56.8 percent of total exports in 1985. Exports of machinery and equipment accounted for 11.4 percent of exports in 1985. This structure of our exports corresponded to the standing of Czechoslovakia as one of the most highly developed countries in the world. Finished goods, and machinery especially are still a very small percentage of our exports to capitalist countries. Why is this? Put bluntly--a lack of innovation, long delivery times, a low degree of adaptation to foreign competition, and an unreliable dealer network. These are the major areas that hold back increased exports of finished goods, and especially machinery.

In the Eighth 5-Year Plan as well, foreign trade has an important task of covering efficiently the import needs for the rapid development of the economy. This involves mainly the importing of turn-key projects and machines and satisfying increased demands for imports of raw materials and semi-finished goods. This will make it necessary to increase our exports, given current projections, and taking into account inflation expectations, by about 5 percent annually.

In conjunction with this growth it will be necessary during this 5-year plan to improve as well the structure of the goods that are exported. There will be a decline in the export of items that have been important up to now such as metallurgical products, timber and crude oil products. These items should be replaced with exports of finished goods, mainly from the general engineering sector. Foreign trade organizations will have to obtain greater territorial diversification of our foreign trade, which is one of the tasks involved in meeting this particular target. Innovation must be speeded up for exported products, since this is the sole way that we will be able to export more effectively.

Between 1986 and 1990 the trade and commercial conditions that we will face will be very troublesome. In the politico-trade area we should expect strong protectionism to continue to protect domestic production. This



means that 20 percent of Czechoslovak exports will continue to be regulated in specific capitalist countries by import restrictions or quotas. To protect their domestic industries, individual capitalist countries will continue to apply antidumping regulations and various technical obstacles in the area of technical standards, norms, permit tests, etc. There will continue to be controls on the shipment of certain items to socialist countries and an embargo will stay in force that is aimed at slowing down R&D in the socialist countries. Our exports to the trade groups of the EEC and the European Free Trade Association will continue to be subject to higher tariffs than the competition, even though in accordance with GATT these tariffs in 1986-1990 will be lower on an absolute basis than they were in the Seventh 5-Year Plan.

A primary objective of our economy, then, remains the providing of competitive export goods and the achievement of the maximal efficiency in their sale. We want to develop trade relations with every country that will deal with us on the same terms that are extended to other trading partners. Trade will naturally increase with those countries which create the most favorable political and commercial conditions for mutual cooperation.

9276/12899

CSO: 2400/365

## CHURCH-OWNED FARMLAND BENEFITS, PRACTICES OUTLINED

East Berlin STANDPUNKT in German Vol 14 No 6, Jun 86 (signed to press 6 Jun 86) pp 155-158

[Interview with Joachim Nischwitz, head of the Agricultural Department of the Union of Evangelical Churches in the GDR, by editor Karl Hennigs, date and place not specified: "For Our Daily Bread"]

[Text] [Question] Can you start off our discussion by saying something about the structures of church-owned farms in the context of their development since 1945. At that time, when land reform was in progress, church lands were not expropriated. How did that happen?

[Answer] That is true. By Order No. 52 of the Soviet military administration, the churches in the Soviet occupied zone were guaranteed retention of their property. Property in the form of land was also included. The majority of cases were handled according to this order when land reform was implemented. Therefore, the Evangelical Church in the GDR today owns about 30,000 hectares of forested land and 170,000 hectares of agricultural land.

While the entire forested area is managed by the church itself under woodlands associations or forestry offices, just over 7000 hectares of agricultural land are under the church's own management. Before 1945, with a few exceptions the agricultural land holdings of the church were leased out. After 1945, the church over the years placed the management of part of the parish grounds and church lands under its personal control. The vast majority of parish and church lands leased to farming enterprises came under the management of agricultural production cooperatives when the leaseholders joined these organizations. The Kreis councils have assumed the liability of the leaseholders as debtors and pay a land-use fee. No user fees were paid for part of the so-called "free areas" up until 1978 because the legal requirements were in dispute. The above-mentioned 7000 hectares under the church's own management are divided among 42 enterprises and a number of diaconal facilities which engage in agriculture within the scope of their work. The vast majority of enterprises are between 50 and 100 hectares in size. Some of the enterprises manage 200 to 300 hectares and a few over 500 hectares of agricultural land. The enterprises are headed by five administrations bound to the owner in each case.

The secretariat of the Union of Evangelical Churches in the GDR, with its agricultural department, is responsible for coordination and for representing the interests of church-managed farming at the centralized level.

[Question] In a discussion on March 6, 1978, regulations on the development of church-owned farmland were also established between the state and the church. What has been their effect?

[Answer] The regulations established during the discussion between the chairman of the State Council and the board of directors of the church leadership conference on March 6, 1978, represent the first real step toward largely equal treatment of church-owned and socialist farmland. The most important results were: a clear reduction in the taxes which church-owned agricultural enterprises must pay toward the national budget, the initiation of user fees for the "free areas," the inclusion of church-owned agricultural enterprises in the state's feed exchange program and the opportunity to participate in the area of animal production. In addition to their economic significance, these regulations are also, from the point of view of the Evangelical Church, recognition by the state of the fact that the church has been fair in meeting its obligations as a landowner in decades of effort and has made considerable sacrifices.

As a result, relations between church-owned farms and state agencies has improved at all levels to the extent that today one can speak of a fair partnership operating in the interest of national economic objectives. The economic relief provided to the enterprises made it possible to perform urgently needed maintenance work on living quarters and livestock buildings and led to an overall, albeit slow, increase in production. It was also possible as in prior years to continue with greater intensity than before the steps toward specialization of the enterprises and toward linking them cooperatively in coordination with the Kreis councils. This also turned out favorably.

[Question] What effect did farm pricing reform have on church-owned agricultural enterprises?

[Answer] Let me say first of all that with the exception of some very small farms which have been included directly in diaconal facilities, church-managed agricultural enterprises have been included within the scope of farm pricing reforms which became effective as of January 1, 1984, and which as of January 1, 1986 were even taken a step further in specific areas. This means that the new cost-defraying average producer prices and production prices affect them in the same way as taxes levied upon them would. The latter was adapted to the special conditions in church-owned enterprises in conformity with tax regulations for the socialist enterprises. Thus, the path toward establishing equitable economic conditions for both the church-owned enterprises and the socialist farm enterprises, which began on March 6, 1978, continues to be followed.

The desired effects of farm pricing reform have also been obtained in the church-owned farm enterprises. Improvements in competitiveness in specific branches of production have had a stimulating effect on production. An even greater effect is expected. Production materials are being used in a very

cost-conscious manner in order to achieve the greatest possible profitability. As a result, market production has also further increased. The economic effects can be described in simplified form as follows: If the measures adopted as a result of the discussion on March 6 place church-owned farm enterprises in a position to secure the means for simple capital replacement, it is to be expected that farm pricing reform will also make it possible for the enterprises themselves to obtain the means for expanded capital replacement. A final judgment on the question of the effects of farm pricing reform is not yet possible, particularly when you take into account that the current picture has been colored by two extremely good harvests. In any case, its effects can be judged as positive for the church-owned farm enterprises as well.

[Question] At the 1985 federal synod in Dresden was there talk of a further consolidation of church-owned enterprises? How does this process take place? What kind of cooperation exists with the farm enterprises of other churches and with the agricultural cooperatives?

[Answer] Specialization and cooperation have been emphasized in the church-owned farm enterprises for years now. In earlier years it was even expressly requested by the state. The locations of the enterprises and their distance from one another naturally do not permit such close cooperation as is usual in socialist cooperative associations. The sharing of machinery by enterprises takes place on a large scale, particularly during the grain and silage harvests, but also for other special kinds of work, such as crop protection measures and the like. In addition, cooperation between the church-owned farm enterprises is essentially a step toward production in stages. Thus, live-stock nursery enterprises provide calves, heifers, suckling pigs, young swine and chicks to ensure capital replacement for other enterprises, as do silage and hay producers. Religious differences in no way inhibit this type of cooperation. This is particularly evident in the enterprises located in the Dresden Bezirk--the bishopric of Dresden-Meissen, the Evangelical-Lutheran Land Church of Saxony and the Evangelical Fraternal Unity. To my knowledge there are no fixed cooperative agreements between church-owned and socialist farm enterprises. But relations with local socialist farm enterprises are good as a rule, and accordingly there are also cases of mutual assistance and support.

[Question] What steps are being taken by church-owned farms in terms of further increasing plant and animal production, and how are new developments in agricultural sciences being received?

[Answer] Maintaining soil fertility and stable yields is a prerequisite for increased animal production and ultimately also for a good economic result. Since 1980, during the continuing education seminars held each year in the spring, we have informed the managers of the church-owned enterprises about leaving roadways when planting grain and about fertilizing with nitrogen in stages depending on the nutritional requirements of the plants throughout the entire growing season. Determining the available inorganic nitrogen in the soil in the spring is a common practice today in many of our enterprises in order to be able to take this level into account when measuring the first dose of nitrogen to be added. During the growing season, the plants' nitrogen supply is monitored by means of the quick nitrate test. The development of

the crop is likewise monitored by counting the shoots and later the number of stalks which have headed out per square meter; crop development can then be controlled by correspondingly measuring the amount of added nitrogen. And finally, inspecting for disease and pests plays a major role. The use of fungicides, in particular, to combat fungal diseases in the grain has brought a substantial increase in yields in the past two years. In the case of both fertilization and plant protection methods, we are really concerned with achieving the greatest possible effect from the limited use of fertilizer and plant protectives. Grain plays the central role in church-owned farm enterprises; crop rotation is employed with a primary emphasis on grain. Corn silage plays the central role in terms of ensuring supplies of coarse fodder. In this area, increasing emphasis within the past few years has been placed on ensuring a large number of ears and a large amount of dry mass by selecting appropriate crops for existing conditions. Unfortunately, it has not yet always been possible to obtain the desired types of seed. Therefore, regarding the question of plant production--improvements in grain-related technology in particular--a major change in attitude has taken place in the past few years not only among enterprise managers but also among employees involved in plant production, and this has resulted in high yields that are not just weather-related. Nevertheless, we are still in the initial stages in this regard and much can still be improved.

In the area of animal production all efforts are being directed toward getting the most out of the grown animals by applying scientifically based feeding standards. Great efforts are being made to reduce losses of young animals, particularly among swine and cattle herds, and to ensure high quality animal products. The first successes are already being recorded. Through targeted efforts it has thus been possible to reduced calf losses by five percent and to substantially increase milk production in the milk-producing enterprises. Their annual milk production is over 4000 kg with four percent fat; there is some up and down fluctuation.

Each year a continuing education seminar is held for all enterprise managers and their supervisory personnel with the objective of informing them of the newest scientific developments, as well as for establishing points of emphasis in their work. Naturally, the seminars held by the Society for Agricultural Science, the Chamber of Technology and other facilities for continuing education are likewise taken advantage of.

[Question] The 1986 national economic plan provides directions for increasing soil fertility; improving the quality of cultivation work, and more effectively carrying out fertilization; plant protection and irrigation procedures. Where do you stand on these matters which are at the same time of great relevance in terms of maintaining and shaping our natural environment--in terms of ecology and environmental protection?

[Answer] We pay great attention to maintaining and increasing soil fertility. Providing the land with substantial amounts of organic substances in the form of animal dung, straw and green manure is the central focus of our efforts. Averaging all enterprises, about 70 cattle units are kept per 100 hectares. This number of cattle is sufficient to ensure adequate supplies of animal dung. Another point of emphasis is to avoid soil compaction by working the

soil at the most favorable time--certainly not when it is too wet--by cultivating at the scientifically most favorable time in the fewest possible stages and by using subsoilers to break up existing compacted soil. This is easier said than done. Only within the past few years have we succeeded in providing the enterprises with the technical equipment necessary to complete the grain and straw harvest with the required alacrity and also had available sufficient numbers of operable tractors for rapidly breaking up the stubble and preparing the soil. At some enterprises in difficult locations we have severe problems with wet land. Up to now there has not been enough money to employ large-scale drainage methods, but a targeted review of available drainage systems, flushing and where necessary repairing them, has already provided substantial improvements. The expansion of drainage systems is unavoidable in some enterprises and will be performed within the next few years.

In grain cultivation, great emphasis is placed on an optimum seedbed and maintaining the optimum planting depth. One item to which we have given a great deal of attention in the past few years is reducing the amount of seed which is frequently much too high in practice for achieving an optimum crop. As a result, seed is conserved and expenses are saved while on the other hand yields are increased due to optimum growing room within the crop. I have already talked about fertilizing and plant protection methods; to date high yields in agriculture have not been possible without them even though we would perhaps be happy to see this happen in view of decreasing supplies of raw materials and the environmental question. Church-owned farms of course see themselves obligated to employing these measures as effectively as possible and to preventing them from having a negative effect on water quality or on the quality of agricultural products. The agricultural enterprises of the Evangelical Church have no liquid manure stalls, despite their unquestionable technological advantages, because they have lacked the money for those kinds of investments. As a result they also have none of the environmental problems associated with liquid manure. Manure storage is almost exclusively in solid layers. Spreading it over the growing crop in stages, as described above, prevents bound nitrogen from getting into the groundwater. Nitrate enrichment of the groundwater could as a rule only be detected through appropriate tests when large amounts of nitrogen had been applied that spring either to a field which was not in crop or which was not yet actively growing. The use of plant protection substances has always been limited to only what is necessary in church-owned farm enterprises and will remain so--particularly since these substances are expensive and in short supply. In the future our full attention in this area will be required in terms of applying the hazard threshold principle, reducing the amounts of specific substances used, and using biologically safe substances and procedures. In our enterprises irrigation plays scarcely any role at all. This will also be the case in the future because there are currently scarcely any feasible projects for introducing it.

In summary let me respond to your question by saying that the objective of church-owned farm enterprises will be to strive with greater vigor than ever to meet the economic targets, which it, like any other economic enterprise, is obligated to meet without upsetting the ecological balance or damaging the environment in an irresponsible manner. Certainly, it is necessary more than ever before to increase awareness of the situation regarding the conflict between economy and ecology. Therefore, the continuing education seminars of

past years and also of this year have paid the appropriate amount of attention to this subject.

[Question] The employees in church-owned farm enterprises make a valuable contribution in terms of providing our daily bread--a stable supply for the population. What specific tasks and options in church and diaconal life are characterized by the way in which these farm enterprises view themselves and their activities? What do you consider the perspective of church-owned farms?

[Answer] The national economic objective of doing one's share, based on the size of the enterprise, to ensure stable supplies of consumer goods and services is taken very seriously in the church-owned farm enterprises. This is probably also evident from our performance to date. The question of the self-sufficiency of church-owned facilities really only still plays a larger role today in social-service deaconries. Linking church-owned agriculture to diaconal tasks is in general an interesting field. There are a number of enterprises in which buildings no longer in use are made available for diaconal undertakings involving the construction of their own facilities for the handicapped. In addition, there are 14 enterprises in which the handicapped have to a certain extent found a place to live and work in a protected environment. On the other hand, there are also cases where the handicapped are brought each day from church- or state-run facilities to a church-owned enterprise in order to work there in a protected environment. We hope that we will be able to take advantage of more opportunities along these lines within the next few years. Naturally, not every enterprise is suitable for taking on diaconal tasks.

We very much hope that farm pricing reform will in the future not just provide the means for ensuring simple, expanded capital replacement, but also that it leads in addition to real operating results which can be used to perform important church-related obligations. This means, for example, the considerable construction-related burdens of the church as well as various tasks in the social area. That the church-owned economic enterprises represent overall an extremely important realm of experience for the church which it cannot do without should not go unmentioned. That these enterprises naturally also represent an area of importance for the nearby church environment which can contribute to the life of the congregation (e.g. as a location for mission festivals, band days, Kreis church conferences, etc.), and from which support can be obtained quickly for transport tasks, providing any kind of construction materials or craftsmen, etc., goes without saying, and their importance to the individual congregations involved should not be underestimated.

The attitude of church-owned farms is first of all to achieve a good economic result and contribute to the national economy, i.e. to produce effectively and to take advantage of the opportunities open to them especially in particular areas. Moreover, they have a great opportunity to expand their options in the diaconal area and as enterprises responsible for church work. And finally, church-owned farm and forestry enterprises, precisely because of their special nature, should also be able to become important role models both inside and outside the church in terms of important questions regarding the relationship between man and nature, economy and ecology.

## TASK FORCES MEET ON STEPPED UP COOPERATION WITH USSR

## Opening Round of Talks Reported

Warsaw TRYBUNA LUDU in Polish 8 Jul 86 pp 1,2

["A New Stage in Polish-Soviet Cooperation: Economic Ties Being Tightened"--PAP report]

[Text] On 7 [Jul 86] commenced in Warsaw plenary talks between Polish and Soviet government task forces on the development of economic relations between both countries.

These talks are intended to determine more specifically the main directions of the expansion and strengthening of direct ties between economic organizations, and especially the issue of establishing additional joint enterprises. It was found that the main directions in which the possibilities for joint accomplishment of the postulated goals will be explored would be, in particular: the development of specialized production and coproduction, the application of technological progress, the initiation of joint ventures to assure the modernization of industry, and an increase in the effectiveness of utilization of raw and other materials.

Of great importance will be the determination of new possibilities for the development of mutual agricultural and food-management relations; this concerns, among other things, storage, transportation, and marketing, as well as an expansion of the barter of consumer goods. To this end, it is also intended to expand direct cooperation between cooperative and crafts organizations. Improvements in the supply of consumer goods should be promoted through direct cooperation of domestic trade organizations and a more active cooperation of border regions.

Problems of broadening direct ties between economic organizations of both countries also are being discussed by members of Soviet delegations at the concerned economic ministries.

On 7 [Jul 86] Deputy Minister and Chairman of the Planning Commission under the Council of Ministers Manfred Gorywoda received Deputy Chairman of the USSR Planning Committee Vladimir Lakhtin who, together with Deputy Chairman of the Planning Commission under the Council of Ministers Franciszek Kubiczek, is co-



directing the activities of Polish and USSR government task forces. Problems of Polish-Soviet economic cooperation agreed-upon during the coordination of 1986-1990 plans were considered. It was emphasized that there exist further possibilities for intensifying and enriching mutual relations, especially through the expansion of direct economic and scientific-technical cooperation. The progress of the work on detailing and implementing the general international agreement of 19 February of this year was discussed, especially as regards the formation of new production potential and the reconstruction and modernization of industrial enterprises with credit assistance from the Soviet side. The importance of the present stage of work on the formation of joint economic organizations and the development of direct relations between enterprises was emphasized.

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The Co-Chairman of the Intergovernmental Polish-Soviet Commission for Economic and Scientific-Technical Cooperation Deputy Prime Minister Wladyslaw Gwiazda received Deputy Chairman of the USSR State Committee for Economic Planning Vladimir Lakhtin, the head of the Soviet delegation which arrived in Poland for bilateral economic talks.

Certain problems relating to a more active economic cooperation between Poland and the Soviet Union were discussed; in particular, the problems relating to the development of direct cooperation between production enterprises and research laboratories, as well as to the organization of joint production enterprises and other forms of cooperation. A proposal for broadening trans-border barter of goods also was discussed.

Franciszek Kubiczek took part in the talks.

#### Wrapup on Talks at Ministry Level

Warsaw TRYBUNA LUDU in Polish 12-13 Jul 86 pp 1,2

["Poland--Soviet Union: Fruitful Results of Ministry Talks"--PAP report]

[Text] 11 [Jul 86] was a day of summation of the negotiations conducted at the economic ministries as part of the work of government task forces for developing economic ties between Poland and the USSR. These talks ran, as stressed by the chairmen of government task forces Franciszek Kubiczek and Vladimir P. Lakhtin, a fruitful course, and their results represent a major contribution to the development of cooperation between the two countries.

As regards the metals and machinery industries, agreements were concluded concerning the possibility of augmenting the number of plants engaged in direct coproduction with an additional more than 30 economic organizations from each country. It was acknowledged that additional joint enterprises engaging in, e.g., the production of chemical equipment or servicing of machine tools may be organized in Poland and the USSR. Several joint designer teams will be set up to solve production, technology, and scientific and technical problems in, among other things, the aviation, computer, and

food industry subsectors. In addition, cooperation in the automotive industries will be developed.

A marked expansion of economic ties is envisaged for the light and chemical industries. As stated, it is expedient to establish suitable production-coordinating relations between Polish and Soviet enterprises. This concerns in particular the photochemical, dye, and pesticide industries. Owing to an agreement on direct cooperation by an additional 14 industrial plants and 16 research centers, on both the Polish and the Soviet sides the development of coproduction ties will accelerate, scientific and technical progress will be applied, and production potential will be exploited more efficiently. In addition, the possibility of joint implementation of investment projects serving to satisfy, among other things, the development needs of electronics industry is envisaged.

Substantial benefits to both countries and an improved satisfaction of social needs should be produced by the expansion of economic ties in agriculture and the food industry. During the negotiations, it was acknowledged that several joint enterprises oriented toward, among other things, the processing of agricultural produce and the development of the food industry can be established in Poland and the USSR. It was also found that possibilities exist for cooperation by the Soviet partner in utilizing surplus production capacities of our agricultural and food industries. Both sides considered proposals for undertaking investment projects sponsored with Soviet funds, including the construction of a joint transloading and warehousing facility in Malaszewice.

It is assumed that the agreements concluded will result in a marked intensification of direct ties between Polish and Soviet units and organizations in the field of agriculture and food industry. To this end, our side presented a list of about 70 research centers, agricultural-food processing enterprises, and state and cooperative farms which are interested in direct cooperation with corresponding Soviet organizations.

The talks conducted resulted in acknowledging that mutual deliveries of goods [barter] can be increased owing to a broadening of cooperation between Polish and Soviet small industries. Coproduction deliveries between Polish cooperative organizations and state-owned small industry, on the one hand, and Soviet organizations on the other would be markedly expanded. The consideration of further proposals for an improved utilization of our productive capacities in that field as based on deliveries of Soviet materials and resources is assumed.

1386

CSO: 2600/569

## MINISTRY RESPONDS TO CRITICISM OF POLONIA FIRM POLICY

Warsaw POLITYKA in Polish No 30, 26 Jul 86 p 3

[Letter to the editor from Jacek Puscinski, press spokesman and assistant office manager of the Ministry of Finances, with response from Jerzy Loch, author of previously published article]

[Text] In connection with Jerzy Loch's article (POLITYKA No 24), the Ministry of Finances would like to correct some of the statements it contained regarding problems of finance:

--The statement, from which the author also draws other conclusions, that sports footwear for children, manufactured by producers in the public sector, is subsidized from the state budget, is not in accordance with the facts. Such subsidies, for social reasons, are provided only for infants', children's, and school footwear, but do not apply to sports footwear for children.

--It is hard to believe that a foreign enterprise stopped producing footwear for children because "with the high turnover tax it would have to cost so much that I would have been called a bloodsucker," as one of the representatives of a foreign firm said. It must be explained that the turnover tax rate for children's footwear produced in private firms--depending on the type of footwear--is from 6 to 10 percent, which is reasonable. Thus the amount of the price has to be determined mainly by two basic elements: the cost of production and the rate of profit which the foreign firm includes in the price of the footwear.

--There is no truth in the statement that due to the requirement to resell 50 percent of the proceeds from export, foreign firms "are no longer enhancing the Polish market, as they did in the beginning, they do not promote the export of goods produced in Poland, nor do they enhance manufacturing facilities with modern technologies"; based on 1985 figures, it can be said that the value of sales by foreign firms grew from 78.3 billion zloty in 1984 to 114 billion in 1985, i.e., by 45 percent. Market sales rose from 54.9 billion zloty to 69.8 billion (an increase of 27 percent), and sales for export grew from 23 million US dollars to \$25 million (a 10 percent increase). It should also be underscored that in 1983, i.e., before the requirement to resell 50 percent of hard-currency proceeds obtained from export, the share of

sales for export in the total turnovers of foreign enterprises was at about the same level as in the year before and amounted to approximately 4 percent.

As to the possession of hard-currency proceeds from export, foreign enterprises are in a far better situation than Polish economic organizations in both the private and public sectors. They are reselling only 50 percent of their proceeds from export, while the domestic organizations are reselling on an average 80 percent. Despite this, the share of export in the total sales of foreign firms is three times lower than in the public domestic sector. Therefore, the reasons for the lack of interest by foreign firms in exporting should be sought elsewhere. It is difficult to elucidate this more extensively in this brief explanation. We can only point to two basic reasons:

--Because of lack of balance on the domestic market, it is much easier to obtain high prices in domestic sales, which include high production costs and high profitability, which the foreign customer does not want to accept;

--Thus far, only some foreign enterprises are applying modern technologies making it possible to produce products which are attractive to foreign customers also, considering price competition.

The statement that resales by foreign firms of part of the hard-currency proceeds from export resulted in losses due to the allegedly lower rate of exchange of the zloty in relation to foreign currency is incomprehensible. Reselling of foreign currency takes place at the official exchange rate, i.e., at the same rate at which public-sector organizations resell their proceeds from export. Despite this, a large part of the export by public-sector enterprises is profitable. This same rate is also applied in import, thus an increase in the official rate of exchange now in effect would increase the cost of raw and other materials imported for production purposes.

/signed/ Jacek Puscinski, press spokesman, Ministry of Finances

Author's (Jerzy Loch) rejoinder:

--The assistant manager of the Ministry of Finances office denies that sports footwear for children is subsidized (although I did not say that at all), admitting, however, that "infants', children's and school" footwear is subsidized. Perhaps in the ministerial documents a clear distinction can be made as to when money has to be added to Johnny's shoes from the state treasury when he is taking a walk with mama and when it no longer has to be added when he begins to play ball in these same shoes. Perhaps there is also a ministerial interpretation as to whether tennis shoes used for physical education are school footwear or sports footwear. But one thing is sure, and that is that sports shoes are used more often to protect the foot all day than to indulge in sports. Therefore, I stand by my statement that a growth in production of children's footwear in Polonia firms would reduce the size of the state subsidy for the production of shoes for children in state enterprises. Sports footwear is really an absolutely good substitute for universal footwear.

--As to export by Polonia firms, director Puscinski cites two skilfully found figures showing that in 1985 this export grew from \$23 to \$25 million in comparison with the previous year. Yet the truth is that this increase occurred only because newly established enterprises began to sell abroad (there was an increase of 50 of them at this time) and those who were forced to do so because of the need to earn hard-currency for transfer of profit to the owner, or for import of hard-currency input for production. Thus, 117 firms, which began to export in 1985, obtained \$2,966 thousand dollars, i.e., one-third more than the increase to which director Puscinski refers. If we add that only 318 firms were exporting in 1985, out of over 700 existing firms, of which 97 reduced the amount of their export and 48 scarcely maintained their past level, and also the fact that 39 enterprises were forced to stop exporting entirely, we see clearly that the assertion of the Ministry of Finances that the export situation of the firms is better is not true.

--As to the lowered exchange rate of the zloty: Well, according to estimates made by foreign-trade experts, the actual cost of obtaining a dollar amounts to approximately 330 zloty. Thus, if a foreign firm is forced to sell to the state half of the hard currency earned from importing at the lowered rate, obtaining (in figures rounded upwards) 180 zloty for each dollar, then it must get the other 150 zloty from somewhere else. It gets it by raising prices on articles sold domestically.

--As to the comparison with export by public-sector enterprises: This is unreasonable. If it were not for various types of reliefs, a large part of the export from public-sector enterprises would also have to be eliminated.

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CSO: 2600/1081

## COMMISSION REPORT ON REFORM PROGRESS SUMMARIZED

Warsaw RZECZPOSPOLITA (REFORMA GOSPODARCZA supplement) in Polish No 79, 25 June 86 p 1

[Summary prepared by Andrzej Wroblewski]

[Text] Today we are publishing (along with a report on the meeting of the Commission for Economic Reform) "Guideline Proposals" from the "Report on the Application of Economic Reform During 1981-1985. The entire report is a very extensive document which contains an accounting of the specific theses of "Courses of Economic Reform" approved by the Ninth Extraordinary PZPR Congress and an assessment of the functioning of mechanisms of economic reform in 1985. It was also approved by the Council of Ministers and submitted to the delegates to the 10th PZPR Congress as congress material.

In the "Guideline Proposals", published in the adjoining columns, an attempt was made to outline a comprehensive position on the concepts and assumptions of the economic reform being implemented and also to indicate the basic problems which must be solved in the near future. Reform is assessed most concisely in points 5 and 6 of the "Guideline Proposals," which state that "The recent functioning of the economy has also confirmed that the central authorities are able to control the economy, mainly with the help of economic and legal tools and instruments, although under conditions of economic imbalance and applying accepted institutional measures and tools this control could not be adequate in all areas of the economy. The past functioning of economic reform has proven that the basic assumptions and principles of institutional changes approved in "Courses of Economic Reform" are generally accurate."

But further application of economic reform will not be an easy process socially or economically. There is even the thesis in "Courses" that this will be a difficult and even bitter process. The time has passed for "socially spectacular" institutional changes, as represented by the passing and putting into effect of basic laws connected with economic reform.

Although this same document contains proposals for many changes of an institutional nature, including problems of management staffs in enterprises, organizational structures, etc., it is said that the basic problem is and will be to enforce the application of economic mechanisms and constraints. The

issue of the speed at which the economy is balanced using all of the available mechanisms and instruments, including the instrument of prices, which is so unpopular socially, is inseparably linked to the basic problem. The selection of the procedure in this area is regarded in "Guideline Proposals" as the basic determinant not only of the reforming of the economy but also of the chances that the country's economy will develop.

In "Guideline Proposals" attention is concentrated on the basic dilemmas of the functioning of the economy and the desirable changes to the present institutional and organizational structures in the economy. This is somewhat of a reduction of the scope. It stems from the fact that within the framework on the work on the preliminary draft of the National Socioeconomic Plan (NSP) for 1986-1990, a draft of the "Instruments for the Implementation of NSP was prepared. This draft, also published in "Economic Reform" in issue No 74, contains proposals on ways in which economic tools can be applied, taking into account the basic relationships and directions of the economy's development accepted in the preliminary NSP draft and the already existent organizational measures.

The "Instruments" draft also contains measures prepared within the framework of the program for implementation of proposals made at the National Party-Economic Conference in Poznan in 1985. The status of the work on execution of the proposals made at this conference, which was extremely significant for the development of a system for the functioning of the economy, will be described in a future issue of "Economic Reform."

In the adjoining "Guideline Proposals," in addition to the problems of economic balance and the directly related question of the speed with which economic mechanisms are applied, the matter of organizational structures in the economy and problems of enterprise management staffs occupy a prominent place. The organizational forms of economic activities have been under discussion for several years. The fundamental issue is whether there are enough of these forms in relation to the requirements of today's economy and whether all of the indispensable solutions are contained therein.

In one of the previous supplements we pointed to the already existing abilities in this field. In "Proposals" we showed ways in which they can be used. All of the proposed solutions are regarded as complementary additions to the courses of action contained in the assumptions of economic reform.

Several proposals were devoted to the problems of enterprise management cadre, and particularly the managing director of the enterprise. The place which the organ managing them holds was and is important to the efficiency and expansiveness of the operations of the economic organizations. For several years, in accordance with the assumptions of economic reform, the activeness and drive of one of the enterprise's organs, i.e., the workers councils, has been growing. At the same time, we observe the very differentiated, and much less satisfactory, activeness of the directors--the other, equally important and indispensable organ of the enterprise.

In seeking a solution to this very unfavorable situation, work has been begun on defining the position of the enterprise director in relation to the organs

of supervision over the enterprise, both external and internal, and the criteria for evaluating his activity in relation to his remuneration.

The place which the director occupies today and the rather "blurred" criteria for evaluating him also undoubtedly weaken his position and introduce a certain doubt as to his role and the goals of his activities.

Proposals as to the method for defining the director's position, and particularly the establishment of more unequivocal and objective criteria for evaluating and remunerating him, were prepared in the Council of Ministers Planning Commission and are now being discussed in the interested groups of the Commission on Economic Reform.

Considering that the director is an organ of the enterprise, it seems that all decisions as to his position should be included in the law on state enterprises and the law on workforce self-management. The proposals prepared foresee some changes in these laws. This stems from both the need to supplement them with new provisions concerning the director and changes in some provisions already in effect, in the light of past experience with their application.

The discussion will show how applicable these proposals are, along with possible legal changes and in what area. Opinions vary and are not uncontroversial. But on the whole there is no doubt that very objective criteria for evaluation of the director and the principles of remuneration, considering his role in the enterprise, are indispensable.

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## INSTITUTE STUDY REVEALS EXPORT BARRIERS

Warsaw POLITYKA (POLITYKA EKSPORT IMPORT supplement) in Polish No 29, 19 Jul 86, p 15

[Article by Jacek Mojkowski: "A Look Under the Hood"]

[Text] To ask anyone, during vacation time, why things are so bad in our export, would be very tactless. That is why we do not intend to ask anyone, but instead are publishing only replies which relate to this unpleasant question. After a return from vacation, they come in very handy: We know immediately what to demand of the managing director, the minister, or ourselves. They also allow us to decide what, during the repair of various mechanisms, we should do next: Wax the body or continue to work under the hood.

The role of questioner was performed for us by the Institute of National Economy, which sent a questionnaire to 55 enterprises in different subsectors. Its results were published in a recent report published by the Institute, which each year rates the functioning of reform and the economy, and within their framework, foreign trade.

No Quality--Worse Luck, But Where Is All The Quantity?

The report says that our export to Western countries last year was less than it had been 2 years earlier and that Poland's share in international trade dropped to a low not seen for a long time. It is now 0.6 percent, and in the 1970's it was 1.1 percent. From the standpoint of value of export per capita, in Europe we surpass only Albania.

At first glance, an analysis of financial figures obtained from enterprises indicates that the situation is not as bad as in the economy as a whole. Of the enterprises polled, 67 percent calculate that their export in 1985 was one third higher than the previous year. But the report warns against excessive optimism; the good indicators ensue from favorable contractual prices which the production enterprises obtained from foreign-trade enterprises and from changes in the exchange rate of the dollar and the ruble. In many firms, export grew thanks to accounting manipulations, because if the devaluation of the zloty and the prices really obtained on the Western markets had been taken

into account, the growth of export would have been minimal, and in the case of 40 percent of the enterprises, export would have dropped, the report says.

A comparison of prices, proceeds, costs and profitability shows that export to the rubles zone is the most profitable. Dollar export, on the other hand, loses out in competition with the domestic market, which must be disturbing especially in the context of our indebtedness. The report's authors fear that in view of our economic conditions (the pressure to export under widespread difficulties) mechanisms which promote only quantities of export will be applied more widely, without delving into the effectiveness of export.

#### Dreams About Joint Possession of Capital

The Institute's poll (the fifth in a row) once more confirms the old truth, that enterprises exhibit very slight, if any, interest in direct trade with foreign customers. In other words, they would rather turn their goods over to specialized foreign trade enterprises or offices and let them worry about who to sell it to and at what price.

Licenses for independent export are not in demand and in the opinion of the authors of the report "it is very doubtful that the situation will change in the near future." This is due not only to the passive attitude of the enterprises, but also to the lack of active support for this form of sales on the part of the central authorities.

The principle of free selection of a middleman in foreign trade is, in practice, regarded in the same way. On one hand we are dealing with advanced specialization in organizations involved in export, and on the other hand the ministry itself appears to be unwilling to make changes in middlemen, explaining that this could lead to unnecessary competition between foreign-trade enterprises, which the foreign client could profit from to the detriment of our economy.

Thus the enterprises export their products through specialized foreign-trade organizations whose services they have employed for years. Most of them have recently converted to trade companies, and because they are something new on our market, the poll included a question on what the shareholders themselves think about them.

Four-fifths of those polled see nothing new in the companies. The disappointment stems from the fact that many shareholders expected that they would have more to say on how the company is managed. Small and medium-size enterprises feel that they are being dominated by large shareholders. "This causes anxiety," the report says, "because for export it is important that there be more small producers." Interestingly enough, most of those polled believe that the ability to influence the company's operations comes before financial benefits. Either way, the attitude of passive participation prevails.

Only one-fifth of the firms see changes for the better in the way that the companies function: They enable closer contacts between the producer and foreign trade, they make for quicker reaction to signals flowing from

customers, help to obtain scarce raw materials, organize exhibits, and grant loans for the purchase of machinery, parts, etc.

Another complaint is that the companies are not managed, but administered. This is due to the fact that a representative of the state treasury (i.e., a person from the Ministry of Foreign Trade), holds 51 percent of the shares, which allows him to block every new idea.

This current limitation on self-dependence also enhances the tax system: A company pays a 75-percent income tax on profits and is assigned a higher rate of compulsory deductions to the reserve fund. In effect, the company's ability to expand is negligible. To be sure, the strict financial rules applied to foreign-trade organizations are explained by the fact that their profits are unusually high (and often do not give a true picture of Polish trade abroad), but this does not change the fact that "stripping down to nothing" is the best incentive to export.

That is why the report states that the central authorities should set into motion such instruments as would compel company shareholders to assign profits for expansion of export and which obviously would counteract an unwarranted growth of wages. Perhaps this would result in a conversion of companies of passive participants into active real "holders of joint capital."

#### The Philosophy of the Crisis: Take What's Mine and Run

In addition to passiveness, the attitude of the enterprises seems to be an unwillingness to take any kind of risk. None of the firms polled sells anything abroad on its own. Most of them (73 percent) sell their goods to a specialty foreign-trade organization which then exports these goods in its own name. Only 22 percent of the enterprises sell on a commission basis.

The escape from responsibility stems in large measure from the system of prices applied in export accounting. If a domestic producer sells export goods to a foreign-trade office at official prices, there is absolutely no negotiation as to the price. Only the amount of the margin to compensate for the higher labor-intensiveness in preparing the products for export can be argued.

But normally a crisis philosophy dominates in this haggling (approximately 70 percent of those polled admitted this): Take what is yours and run. In short, a price is supposed to guarantee the producer-exporter a return of his costs and a suitable percent of profit, and what price the foreign-trade enterprise obtains from the foreign customer is no longer his business. If he sells for more, he has a profit. If he sells for less, he won't lose anyway because the difference will be made up from the state treasury.

The professionals say that from the standpoint of the entire economy, it would be better if the producer-exporters sold their goods on their own account and at transaction prices, i.e., prices which actually prevail on foreign markets. But right now only a small number (several percent) of the firms are doing this. Most of them prefer to limit their contact with the foreign buyer to a

minimum, turning their products over to middlemen and settling up for them at "cost" (cost plus profit) prices, and not transaction prices.

Obviously, therefore, under these circumstances, there is little stimulation of export. Seventy percent of the enterprises polled say that the official currency-exchange rate fixed by the state is not important to them. They regard it as an ordinary conversion factor which is supposed to ensure profitability of export production. The reasoning is as follows: If we accept the fact that the price of foreign exchange is constant and domestic production costs are steadily growing (because they are), then this conversion factor, called an exchange rate, should also grow, so that the producer-exporter can at least break even. It is believed in the enterprises that the currency exchange rate is too low and a further devaluation of the zloty is being demanded.

Such financial instruments as a refund or exemption from turnover taxes, or a refund of import tariffs, are also of little significance. On the other hand, the system of income tax reliefs is extended and very popular. Eighty-two percent of the enterprises polled take advantage of them, and the average amount of relief granted ranges from 7 to 35 percent of the profit.

The report emphasizes that the accounting system in Polish foreign trade is still set up to favor the quantitative growth of export and does not stimulate enterprises to become interested in the quality of the transactions entered into.

#### The Art of Sharing Disappointments

One of the basic incentives for export was to have been the retained hard-currency earnings allowances instituted a couple of years ago. They were to enable exporting enterprises to make use of some of the hard currency which they earned. Four-fifths of the firms polled have their own retained hard-currency earnings allowances, but the initial excitement connected with them is now gradually giving way to doubt.

First, because the frequent lack of cash in the Commercial Bank causes large delays in establishing a line of credit. Second, the leaderships of various associations (primarily mining and the power industry) or producer-goods offices, do a lot of meddling in the retained hard-currency earnings allowances. Every consultation and approval of the method by which hard currency is spent restricts the freedom of its use. Thus the retained hard currency earnings allowances may soon become a dead instrument, the report cautions.

The method of establishing allowance rates is extremely important in the hard-currency self-financing of enterprises. Those polled approved, in principle, the regulation proposed last year that rates be updated (that for a 1 percent rise in export the rate be increased 0.7 percent), but because agreement with something "in principle" is the most delicate form of disagreement, those polled had some critical comments to make on this subject also.

The exporters of products which are centrally balanced say that they have no influence on the size of export (hence not on the amount of the rate, either), because they are only allowed to sell as much abroad as the central authorities permit them to sell. Similar comments are made by enterprises which have hard currency in cumulative accounts--in associations or companies. Here also, every individual effort by an exporter is always "averaged," usually downward, which is an effective way of curing people of ambition and enthusiasm.

An examination of hard-currency accounts shows that a change in the structure of expenditures has occurred. Although 2 or 3 years ago most of the money was allocated for purchase of parts for machinery, now most of it is being spent for capital projects, and attempts are being made to halt these projects by various administrative prohibitions. But this in no way alters the fact that enterprise disinvestment has now reached such a point that small purchases of spare parts are of no help when new machines and equipment needs to be bought.

In 70 percent of the enterprises polled, there was a drop last year in hard currency expenditures out of retained hard currency earnings allowances, and in 60 percent of the enterprises a drop in hard currency earnings was recorded. "It may be presumed," the report says, "that some of them are saving their funds, but the others simply have had lower proceeds from foreign-exchange transactions and lower allowance rates, which, as a result, may lead to increased pressure by enterprises to obtain hard currency from other sources." Most likely, out of central distribution.

The art of dividing up money out of an empty cash register is in essence the art of dividing up disappointments. Over half of the enterprises polled received hard currency from central distribution, and none of them were satisfied. The money is allocated by the ministry according to the old, outdated rules of the directive-orders system: First an application for allocation is submitted, the central office gives its approval or disapproval, and the ministry allocates as much as it can.

Under these conditions what would make enterprises anxious to export? Fifteen percent say that they see in export an opportunity to widen their contacts with the leading world technologies. However, 85 percent associate export solely with tax relief and hard currency allowances. It is these who say outright in the poll that "export is an unprofitable necessity," a burden which is tolerated because of the need for dollars for the import of indispensable goods.

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CSO: 2600/1081

## COLUMNIST COMMENTS ON IMF MEMBERSHIP

Warsaw POLITYKA (POLITYKA EKSPORT IMPORT supplement) in Polish No 27, 5 Jul 86  
p 17

[Article by Jerzy Kleer: "In the Fund Again"]

[Text] After an interruption of 36 years, Poland is again a member of the IMF. But what effect this will have on Poland's payments and economic situation depends entirely on us.

We must remember that admission to the IMF is not and cannot be the cure for all of our economic troubles. The terms on which credit can be obtained are not easy, particularly if the amounts involved are large. POLITYKA EKSPORT IMPORT wrote about this in its No 5 issue (March) in an article by Andrzej Olechowski titled "What We Can Expect." If, nevertheless, I believe that we are taking an important step in putting our economy in order, it is because in many cases the economic administration and the enterprises will probably be forced to more quickly solve those matters which had to be solved anyway, only they would have been solved somewhat later. But first things first...

The first question: Are we adequately prepared to take advantage of the opportunities which a reentry on the world capital markets, through IMF and the World Bank, provides us? I have some doubts as to this. First of all, I am not sure that we are sufficiently aware that the game rules this time will be different than those we had to follow in the past. True, the general rules of reform (at least those which lay at the basis of transformations in the system by which the economy functioned) create a convenient base. However, too many compromises have been made in applying these rules, there has been too much subjectivism in decisionmaking, and criteria of true efficiency are not very often applied in economic practice. The reasons for this were covered rather well in the discussions preceding the 10th Congress. Still, many managers at various levels of the economy continue to believe that good systems are better than good, efficient management. Changes in this attitude will not come easily. Standing in the way, I think, is the misconception that economic constraints are contrary to social policy and the principles of justice which ensue from the socialist system. Doubtless in a short time, partly due to external pressure, some changes will occur in the division of national income and subsidies and grants for various ventures will be reduced. The practice of favoring those enterprises and organizations

whose contribution to the welfare of society as a whole is, proportionally, low, will have to cease.

If I mention this now when Poland is being admitted to the IMF, I do so because probably the conditions for taking advantage of new foreign credits will force us to make more rapid changes in the domestic rules of procedure. That is, or can be, the main advantage of our admission to international financial organizations.

Such a measure also requires that we take another look at the particular subsectors and enterprises, at their real usefulness. In the disputes that are taking place on the subject of allocating production factors, especially investments, a considerable number of substantiated opinions are being expressed that too much preference is given to branches which are highly capital-intensive, whose effect on restoration of market balance and on export, is limited. Can membership in the IMF, and especially the World Bank, have a favorable impact on investment policy? I believe that it can, for two reasons: First, credits can be obtained for specific investment projects, and second, an evaluation of the benefits of projects must be conducted very thoroughly. The need to submit a list of enterprises or specific endeavors as candidates for credits may result in verification of other investment projects. And certainly among them are also those which we cannot afford to continue at this time.

Finally, the matter of indebtedness which is restricting our ability to expand. In recent years we have achieved a favorable balance of trade with free foreign exchange countries; therefore, to some degree a mechanism of adaptation to changed conditions has been put into motion. However, we know that the drastic reduction of imports has weakened the ability of the economy to expand, and furthermore, the surplus obtained in the foreign-trade balance is not enough to cover the servicing of the debt. This means that if the Polish economy is to expand, more funds are needed, and this really means that the foreign debt must be increased. Admission to IMF improved Poland's credit standing, which means that it will be possible to obtain new credits, both from the financial organizations which we have joined and from the private capital market. But our current payments difficulties will be alleviated only when we create the conditions necessary for sufficient expansion of export, not only in the distant future but immediately. Although export is listed among the many economic priorities, as recent experience has shown it is still not our strongest suit. For many reasons export loses out in competition with other items on the priority list. As long as growth of export is not really one of the important economic tasks, benefits from membership in the IMF will remain, to a large degree, illusory.

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## POLITICAL FIGURES, HISTORICAL EVENTS TREATED IN PLAY

[Editorial Report] Bucharest TEATRUL in Romanian No 5, May 86 prints on pp 30-58 the third installment of a political play by Theodor Manescu [who is on the editorial board] entitled "Practica sau Aventura unei arhive" [Practice or the Adventure of an Archive"]. In the form of 66 separately numbered conversations among seven characters, the play takes up the following topics: events that took place during 1940-44, 1952-57, before and after 1965; the contribution of historical figures to these events; relations with neighboring countries; the pre- and post-World War II role of the Romanian Communist Party; contemporary life, and others. Examples are given below.

[21] "The German Minister Killinger says that Mihai Antonescu has given instructions to the press not to take a negative attitude towards Churchill and Roosevelt, towards England and the United States. The Romanian Army no longer uses weapons delivered by Germany against the Soviet Union, but is keeping them in reserve on grounds that they are necessary for defense against Hungary. On the instructions of the Marshal, the Bucharest constabulary has received orders to keep a watchful eye on all German citizens, especially in connection with their relations with the Legionnaires. Measures against Jews have been abandoned."

[34] "It is now revealed that until 1943 Communist parties had two sets of leaders, one elected and acknowledged publicly, and another, considered the true leadership and known by very few, named by the International. This was also tried in our country. In 1952, when Gheorghiu-Dej removed Ana Pauker and Vasile Luca from the leadership, as regards Luca this was probably the result of a struggle between the elected leadership, then preferred by the party, and the leadership imposed from the outside. Ana Pauker was accused of trying in 1948 to reach an understanding with the Legionnaires who had stayed behind in the country. She and the Legionnaires? Doesn't sound too plausible."

[35] "In another letter we assert that, however surprising it may seem, it was exactly the way in which the events of 23 August transpired that lay at the heart of the dispute and of the reproach directed at us. In that summer, after the Teheran Conference, in conditions of relative disinterest on the part of Roosevelt with respect to Eastern Europe, Churchill and Stalin--



perhaps behind the American president's back--came to a tacit understanding that Romania should remain in the Soviet sphere of influence, in return for Greece which was to remain in the British sphere. Greece was in those days more important to Britain than Romania because of its strategic location relative to the Suez Canal. Well, the events of 23 August came about without anyone's knowledge. Do you know how Anglo-American historians referred to the day of 23 August? 'A bolt out of the blue.' It caught everyone by surprise. Harriman, the American ambassador to Moscow, asked the Soviets for clarification and they answered that they knew nothing. They had not anticipated such an event. And even if the impression was created that Patrascanu did not officially represent the Communist Party, that he might at any time be disavowed by the party for collaborating with the king and the army, the events of 23 August demonstrated that Romanian policy is determined in Bucharest, that we do exist, that we must be taken into account, that we are not merely a bargaining chip, but a subject of history."

[39] "We being: 'At the British Foreign Ministry a paper was drawn up concerning the activity of the Romanian Communist Party. The party will be organized on a national basis following the dissolution of the Comintern. A few communists opposed the decision to dissolve the Comintern. The majority of the party, however, accepted this directive by Moscow. Two communist delegations met with Mr Maniu with a collaboration program which stipulated, among other things, abandoning the Hitlerite war immediately, overthrowing the government of the traitor Antonescu, the creation of a national government with the participation of all parties and patriotic organizations, the reestablishment of democratic freedoms, punishing all war criminals with Antonescu as the chief culprit, punishing assassins and plunderers of Jews, Moldavians....'"

[40] "What do you mean 'plunderers of Moldavians'?!...Romanians, plunderers... 'Read on.'"

[41] "...Punishing assassins and plunderers of Jews, Moldavians, Russians, Ukrainians, the liberation of the people of Northern Transylvania. Mr Maniu replied that he cannot as yet agree to any collaboration. It appears that, even though Mr Maniu eventually had to accept giving up Bessarabia, he preferred to announce this fact only after a general agreement with the United Nations."

[42] "It says here that, even though our troops fought heroically in Budapest in January 1944, house by house, street by street, and had only one more kilometer to go to reach the Danube, they were withdrawn one night and moved to another front. Why? Someone thought, probably, that it wouldn't do to have the Romanian Army liberate Budapest. But Romanians were in general well received by the Hungarian populace."

[53] "Every era tends to put on the best face it can. But there are no taboos when it comes to critical thought. I think that if freedom and well-being are real, there are no dangers to socialism. No disease can infect us if socialism is socialism. Except that, health does not happen by itself

or by means of an order. If we want to be good communists, we must ask ourselves again and again: Why are we communists? Come to think of it, it is only from here on in--we are now only in the second half of the 80's, right?--it is only from here on in that we will be able to say what we think. From here on in, after so many experiences, socialism is ready, is ripe for its true realization. I hope this will not be a utopia too."

[56] "During the Bucharest pogrom of January 1941, the Legionnaires murdered a Romanian Army major because he was a Jew."

"A Jew, major in the Romanian Army?"

"Why does that surprise you? It is a misconception that Jews are only merchants. They would not have been able to build a country of their own if that had been true. The major was named Sami Roder. When the Legionnaires came to get him, he didn't open the door right away, he first put on his uniform with all his decorations thinking they would at least have respect for the Romanian uniform. What illusions! They grabbed him, tortured him and then killed him without the slightest hesitation."

[58] "Patrascanu has never been forgiven for the events of 23 August. Even Gheorghiu-Dej pushed him to the forefront as if he had never been implicated. We could tell quite a tale, the both of us, a tale about the way in which certain people were punished for loving their country too much; and about the way in which a country is punished for refusing to knuckle under because it wants to remain independent."

[61] "'Molotov's statement. Bearing in mind the development of the situation in Romania, the government of the Soviet Union considers it its duty to reaffirm its statement of April. The Soviet Government considers it necessary to reestablish Romania's independence.' This is very important. It was acknowledged that Romania had lost its independence. So, it had not been master of its own decisions. 'If the Romanian Army turns its weapons against the German conquerors...' How's that, if it turns its weapons? It had already done that! Well, anyway, so '...if the Romanian Army turns its weapons and shoulder to shoulder with the Red Army chases the Germans out of Romania and the Hungarians out of Transylvania, it will have the full support of the Soviet Union. Moscow, 25 August 1944.'"

...."And then those events in Poland. And the first Polish pope, the first pope of Slavic origin in the history of Catholicism. How do you explain all the excitement that erupted in Poland in 1980? In any case, Poland cannot leave the socialist camp...."

"For all communist parties, the problem has been and still is to transcend the stage at which they are sections of a world party and become, as is natural, national parties. Our party is a national party, the party of the Romanian nation. That is why we live with the great hope both for our country and for humanity."

"Communist parties and socialist countries must be united, must collaborate, must help each other and must defend themselves together if attacked. But they must not be united where errors are involved. No one is infallible, no one is pope. If everyone acknowledged their mistakes, a new friendship would be born, among equals, not among supra- and subordinates, a truly beautiful friendship, a new solidarity; but only through truth."

[63] "You are imagining that we are living in the period before 1965, well, this is after 1965, a few months after the IXth Congress, so there is no point supplementing the investigation. Listen! There must not be any dogmatic thought or practice of any kind. We must not seek solutions in the past or in precedent. We must think for ourselves, with our own heads and not those of others. Listen! History must be written the way it was. With its own light and shadow. History must be returned to its true creator, the Romanian people. Listen! The history of our party cannot be treated separately from the history of the people. The history of the party, of the revolutionary worker movement, is an integral part of the history of the Romanian people of the last century."

[64] "Listen to this. A book appeared in Bulgaria, allegedly on history, according to which there were no Romanians living north of the Danube at the beginning of the Middle Ages. An atlas appeared in Hungary in which Romanians appear merely as a few enclaves in Transylvania, also during the Middle Ages. A so-called study appeared, also in Hungary, according to which, it seems, the Paris peace conference of 1946 was mistaken in deciding to return Transylvania to Romania."

"Very amusing. When were these published?"

"Two years ago, in 1984, and last year, in 1985."

"How did our historians react?"

"They published our answers. They gave our reply, true and scathing."

[65] "My apartment is absolutely superb. In the apartment below us live a couple with a little girl and the wife's parents; the couple left for Canada and later brought the little girl out leaving the old people behind, like two large, grey, lonely birds; in a room a tailor of some sort lives by himself, retired, gets constant visits from young girls, a bit unwashed, vagabonds, they sleep in his room, may be they hide stolen goods there, the militia pay him a visit often; he seems to have disappeared 8 days ago, but the sound of a radio can still be heard out of his room, either he is dead or has rented the room to some thieves, some women, some lovers, for an illegal abortion...we're guessing here."

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CSO: 2700/267

## THIRTY-FIVE YEAR DEVELOPMENT OF CSSR BORDER GUARD TRACED

Prague ZIVOT STRANY in Czech No 13, 1986 pp 32-35

[Article by Major General Vladimir Hrusecky, Deputy Minister of the Interior of the CSSR: "Reliable Guardians of the National Borders"]

[Text] Thirty-five years ago, on 11 Jul 1951, the National Assembly of the Czechoslovak Republic passed a law concerning the protection of the national boundaries. This law established the Border Guard as a unit of what was then the Ministry of National Security, with responsibility for the effective protection of the national borders of the Czechoslovak Republic.

The passing of this law was an expression of the concern of the CPCZ and the Czechoslovak state for assuring the inviolability of the national borders under especially complex domestic and international conditions. This was a time when the attacks of the domestic and international reaction, which had followed the victory of the working people in 1948 that had put all power in the hands of the working class and other workers, became particularly acute.

The original form of this opposition, which coincided with the laying of the foundations for socialism, was heavy class resistance and intensive unfriendly activities on the part of the bourgeoisie that had just had power taken away from it. It was instigated and supported by the inimical policies of the western imperialist powers, which were preparing for new military conflicts with the countries of the young and growing socialist community. Members of the Border Guard at this time detained hundreds of agents recruited and sent by western intelligence centers to our territory in order to carry out espionage, sabotage, and terrorism. These agents were to accumulate enough military, political and economic information to disrupt socialist construction in our country and to prepare for military adventurism. The operations of this class enemy took the lives of a number of functionaries of the CPCZ, the national committees, the embryonic united agricultural cooperatives and members of the national security corps. [SNB].

The establishment of the Border Guard as an elite unit of the security apparatus was quite logical and essential, under the circumstances, to prevent enemies of the people from crossing our national borders and to assure that peace would prevail for the work that was taking place in building the foundations of socialism.

The Border Guard has successfully fulfilled its mission from the very beginning, in cooperation with offices of the SNB and in close conjunction with the civilian population in the border regions. It has modelled its activities on the record and traditions established when the national borders were protected by the National Security Corps Guard Regiment, the Border Division 9600 of the SNB, and the divisions of the SNB Border Guard, which had guarded the national boundaries before the founding of the Border Guard.

The passage of a law concerning state border protection and setting up the Border Guard organizational structure represented an important qualitative change in the protection of our borders. It meant that a unified, continuous, and well-thought out system for guarding the state borders, one that would assure their inviolability, now existed against intelligence agents from the western imperialist powers and domestic enemies of the republic.

The tasks that the Border Guard has been performing since its inception in protecting the national boundaries are important not only for the people of our country, but also have something of an international character. Czechoslovak border guards serve on the westernmost boundary of the socialist community and therefore contribute to the protection and security of other socialist countries as well.

An important factor in improving the skills of Czechoslovak border guards has been and continues to be the application of the experiences of Soviet border guards and their all-around, committed assistance. Above all, our border guards are grateful for having been able from the very beginning to take advantage of the experiences of the Soviet border police. This has enabled us to focus our efforts, and in particular to provide the proper content for essential personnel training programs.

Members of the Border Guard have demonstrated a high degree of political commitment, moral fiber, bravery, and decisiveness in their struggles with the agents of western imperialist intelligence services and their domestic allies from the ranks of the defeated bourgeoisie and declassé criminal elements who use daring and brutal techniques in their illegal violations of our national boundaries. This comes from their complete devotion to our people, the CPCZ and socialism. Indeed many of them have given their lives in these encounters, thus fulfilling to the letter their military oath.

The years spent building the foundations of socialism represented a historical transformation of the entire social and economic structure of our society and brought important successes in the political, economic and cultural life of our people.

The building of a socialist society in our country did not, however, take place without problems and shortcomings. In addition to the generally positive record, mistakes and errors were also made. These came from overestimating the results that had been achieved in socialist construction, and underestimating and overlooking existing problems, from evaluations that were both subjective and not sufficiently class oriented, and from the violation of leninist principles in the work of the party and the state apparatus. A

slacking off in political and ideological work took the edge off the struggle against bourgeois ideology, petty bourgeois tendencies and against ideological work took the edge off the struggle against bourgeois ideology, petty bourgeois tendencies and against ideological diversions by imperialism. All of the foregoing constituted fertile ground for the growth of opportunistic and revisionist trends. An unjustified and premature emphasis on the existence of an egalitarian country at the beginning of the 1960s also resulted in an improper orientation in the activities of the state apparatus, security agencies and the Border Guard as one of the essential parts of the latter.

The importance of effective defense of the national boundaries of the Czechoslovak Republic has been quite intentionally called into question by a number of rightists and antisocialist elements. Requests gradually increased to liberalize the work of the Guard, requests which eventually amounted to a subversive request to open the borders in the interest of a so-called democratization process. In practice, this request was aimed at obtaining uncontrolled movement and the linking up of antisocialist forces across the border, the free exchange of directions and material resources, and the management of coordinated actions in preparation for the antisocialist uprising of foreign and domestic enemies of socialism. Intensive propaganda was intended to disrupt the political and operational unity of the Border Guard, to question the social importance of their service on the state borders and to weaken their vigilance.

After January 1968, a front of antisocialist and right-opportunistic forces provoked a profound crisis in the party and society with the objective of calling into question the basic values of socialism, arresting our social development, and turning the clock back to before February 1948.

Because of its clearly defined class allegiances, its devotion to the CPCZ, the interests of the working class and internationalism the Border Guard became the object of a hate campaign by rightist and opportunist forces and their imperialist allies and backers. In the face of this exceptionally complex situation the vast majority of the Border Guard remained true to its revolutionary and military tradition, refusing to yield to the concentrated attacks by the rightist forces and firmly held their class positions side by side with the vast majority of the members of the SNB and the People's Militia in defense of socialism, the interests of the working class and other working people.

Only thanks to timely international assistance by fraternal socialist countries were we successful in repelling the concentrated attack of the counter-revolution. The conditions were thus formed for a unification of the marxist-leninist forces in the party and for the beginnings of a decisive political struggle and the defeat of the rightist and opportunistic forces. Of critical importance to this was the April 1969 CPCZ Central Committee Plenum which chose a new party leadership led by comrade Gustav Husak. His political strategy fully supported the Border Guard, and called upon it in particular to perform both its normal service as well as political duties on the national borders.

The consolidation process also took place in all the divisions of the Border Guard. It thus became politically stronger, fully rededicated to marxist-leninist principles and to its own improvement and operations.

The 14th CPCZ Congress was of fundamental importance for the Border Guard because its resolutions mandated an improvement in the security of the republic, including the improved protection of the state borders.

Under the guidance of the CPCZ Central Committee and thanks to its systematic concern, the Border Guard has been further strengthened as a reliable and effective means for protecting the state borders of the republic, one that is prepared fully to carry out all tasks that may be required of it by the security policy of the CPCZ and the socialist state during the building of a developed socialist society.

One result of the systematic attention of party and state agencies to improving the security of the country has been the formation of a unified system of state border protection in 1973, which provides for effective, unified management and improves the sophistication of protection all along the state borders of our country. This system significantly improves the international cooperation between state border protection units, which are an essential part of the Border Guard, and the border patrol organizations of neighboring socialist countries. The adoption of a unified system of state border protection marked the culmination of efforts by the CPCZ and of a complex evolutionary process of opinions and ideas regarding the mission, position, and role of state border protection during the building of a developed socialist society and of the units which guard these borders.

During the stage of the building of a developed socialist society the role of the Border Patrol and state border protection divisions [PS OSH] is directly related to the security policy of the party and socialist state and consists of assuring the inviolability of the state borders, above all those with capitalist states, and cooperating in the struggle against all illegal and antisocial activities which violate the sovereignty and security of the CSSR and the socialist community.

This is required not only by the need to defend the sovereignty of our country but also by the tense international situation resulting from attempts by the most reactionary forces of the military industrial complex of the USA and its NATO allies to gain military dominance over the socialist community and to marshall their forces for a global confrontation and response to the socialist, revolutionary and antimilitaristic forces of the world. A part of this policy is also the growth of revanchist trends on the western borders of our country, in the FRG. Their demands for changes in the postwar arrangement of borders in Europe have the support of that country's highest leaders. This is evident in the organization of various provocations against the CSSR along the national border.

For this reason members of the PS OSH, in conjunction with other elements of the Ministry of the Interior, are making significant efforts to assure the reliable protection of the national boundaries, especially along the borders

with the FRG and with Austria. At the same time they must adhere to existing Czechoslovak laws, directives, and resolutions, and existing international laws as well, so that they in no way disrupt the relationships with neighboring countries and their sovereign territory.

The reliable protection of the state borders is based on the principle that our republic has a direct interest in multilateral cooperation with all countries, regardless of their socio-political organization, and that cooperation should evolve on the basis of equal rights, mutual benefit, and security. We welcome to our territory anyone who wants to get to know the life of our people, the beauties of our country, and the results that we have achieved in building a socialist society. On the other hand we will never permit anyone, under whatever slogan, to harm our socialist society or to damage the results of the work of our people.

The facilities that our state is building to facilitate the growth of tourism and international transportation demonstrate the sincerity of the above assertions. In recent years both tourism and international transportation on our territory have increased many times over. Each year some 45 million people cross our border checkpoints. Not every one of these people, however, is coming here with good intentions. This is shown by the tons of antisocialist literature that is seized each year at the border along with illegally exported goods and foreign currency valued in the millions of korunas. These realities put more pressure on the members of the Border Guard and their comrades, the customs officials.

All the necessary political and material conditions for the successful conduct of the work on the state borders have been provided by the highest level party and state offices. The political, class and international consciousness and sense of responsibility of Border Guard members has increased for protecting and defending the socialist achievements of our people, for the protection of the state borders of the CSSR and the entire socialist community. The professional abilities and battle readiness of the units and divisions of this service have increased, making it better able to perform its assigned tasks. Unity and close cooperation has increased with territorial party and state offices, the working people in the border regions. Overall readiness and cooperation with our own security forces and the border patrol organizations of fraternal socialist states has also improved.

One of the most important preconditions for the successful defense of the national borders is a close working relationship between members of the PS OSH and the civilian populations of border regions, and an active civilian role in border defense. Developing and improving this relationship is a major objective of party and Border Guard service offices in cooperation with territorial party and state offices. This fulfills the letter of the law, that "protecting the borders is a matter for all the people." As a result of the attention paid to this, the vast majority of the population in border regions have linked their lives vitally to socialism and our social order as well as to party policy, demonstrating their patriotism through committed, honest work in the fulfillment of political, economic and social tasks, including the ongoing enhancement of their role in assuring the security of the borders of the CSSR.



The auxiliary border guard is the most important part of this program. Most of its members serve 120 or more hours each year and it is not unusual for the number of hours served to be far larger than this. An annual socialist competition for the title of model auxiliary or model unit helps to develop the activities of the auxiliary border guard. In 1985, 30 percent of all auxiliary patrol members and 40 percent of all auxiliary units either defended their title or earned one for the first time. Border patrol members have also in the past worked with youth of school and union age within the context of the Young Border Patrol Auxiliary program and the pioneer Young Border Guard program. For the general public, citizen activity and initiatives for those in border regions can be channeled into the competition for the title of model border village-town, a contest participated in currently by more than 300 villages and towns.

Involvement in political and public projects at their place of residence and in the vicinity of the locations of divisions and units contributes significantly to improved ties between PS OSH units and the people. Many guard members are working successfully as national committee delegates, in party offices and organizations and in social organizations of the National Front, thereby actively participating in the development of the border regions of our country.

The successes which have been achieved in implementing the security policies of the party and the socialist state in protecting the national borders have their basis in a consistent respect for and practical implementation of the leninist principles of organization and operation of PS OSH units. These successes have resulted from the purposeful formulation, implementation and execution of party strategy, from decisive leadership and management, the proper focusing and intensive development of party political work, and the effective training of members.

The positive long-term trends that have become evident in the work of border guard organizations are the result of well thought out strategies and the application of progressive techniques and methods for their organization and conduct. They reflect the committed work of leaders, managers, political offices, party and union organizations, a high degree of political maturity and devotion to the party and the people, and the commitment of the majority of the border guard members as well as those of the SNB.

The party organization, Border Patrol and State Border Protection, [PS OSH] is the political force that leads the efforts to improve the efficiency of state border protection, communist training and the improvement of the material-technical and cultural conditions of the work and life of all its members. This was further confirmed by the annual member meeting of basic organizations and at the party conference, which reaffirmed the complete confidence of communists and nonparty members alike in the communist party, the active support of its policies and the resolve to carry out to the best of their ability the tasks of the 17th CPCZ Congress. This is why all party and union organizations of the PS OSH are familiarizing themselves so closely with the resolutions of the 17th CPCZ Congress and of the 27th CPSU Congress.

Members of the PS OSH are also aware that the primarily positive results of their efforts can in no way lead to self-satisfaction. The difficulty and scope of the tasks outlined by the 17th Congress of the CPCZ have placed great demands on the quality and effectiveness of all work, on the responsibility and initiative of all members, and have called for an uncompromising struggle with the shortcomings that are holding us back.

The purpose and objective of all the efforts of political organizations affiliated with the party and of party organizations themselves is to further enhance an atmosphere of specific, supportively critical attitudes and high expectations for the quality of work and the level of initiative, to assure that the fulfillment of assigned tasks becomes a matter of personal concern for every communist, and to help communists motivate other members to share their attitude to task fulfillment. This is the major way to strengthen the influence of the party on the fulfillment of the tasks of the 17th CPCZ Congress on the assurance of reliable levels of border protection, on improved moral and political attitudes, discipline, organization, and improved efficiency of member training.

Members of the PS OSH have the qualifications for performing all of the tasks assigned to them by the general secretary of the CPCZ Central Committee and president of the republic, comrade Gustav Husak, in his letter of 25 June 1981, on the occasion of the 30th anniversary of the adoption of the law on the protection of the borders of the CSSR. Here he wrote that "Belief in communist principles, strictness and party discipline, based on a highly developed moral and political commitment and facilitated by the creative application of the newest findings of science and technology, all remain important conditions for improving the quality and efficiency of state border protection and communist training within the PS OSH." "So, improve your comprehensive preparedness and readiness to fulfill your border protection assignments. Improve your political and military abilities and continue to master your border patrol craft. Improve all aspects of your socialist patriotism, proletarian and socialist internationalism, and hatred for the class enemy. Strengthen your cooperation with the SNB, the Czechoslovak People's Army, the People's Militia, with territorial party and state offices, and with local populations. Strengthen international relations with the security forces and armed forces of the member countries of the Warsaw Pact, and especially with the famous Soviet border patrol. Work in such a way that the level of fulfillment of your important international task--the protection of our state borders, is at the level required by our times."

There is no doubt that the 35th anniversary of the adoption of the law on state border protection will be an occasion, in keeping with its revolutionary and military tradition, for multifaceted and productive work in the interest of the exemplary fulfillment of the tasks assigned to the PS OSH by the 17th CPCZ Congress. Fulfilling these Congress resolutions is a matter of honor, a reflection of the respect by the current generation of PS OSH members for the committed and passionate activities of their predecessors in the struggle against the class enemy. It is a reflection of their respect for those who have given their lives in this struggle.

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## PROGRAM ANNOUNCED TO COORDINATE LEGISLATION, REGULATIONS

Budapest HUNGARIAN DIGEST in English No 4, 1986 pp 55-57

[Article by Katalin Szoghy]

[Text] The Council of Ministers has adopted a resolution concerning the legislative tasks of the period 1986-1990. This has become part of the government program approved by Parliament. The draft resolution was worked out by the Ministry of Justice. We talked to deputy Minister of Justice Ferenc Petrik about the issues related to the implementation of the resolution.

*The five-year legislative program coincides with the period of the present five-year plan for the national economy. Does this mean that the enactment of legislation as a whole is primarily conditioned by the interests of the country's economy?*

We certainly do not mechanically subordinate legislation to the methods and interests of planning the national economy. The medium-term planning of legislation was born of a need to frame legislation in accordance with the demands of social and economic development. Let me add that such an approach is nothing new; this is the third time that legislative and economic planning have been synchronized. The legislative program of the next few years, then, goes far beyond economic considerations. Promoting the development of socialist democracy is indicated by the government program to be the principal goal of legislation. Among the tasks related to this issue, at the top of the agenda is the legislative control of those bodies entitled to issue regulations having the force of law.

In an effort to develop socialist democracy further, we are now in the process of drafting a statute which concerns associations and social organizations. Today there is a growing need for self-regulation and the existence of very diverse bodies of this type raises the whole question of control with increasing urgency. This is because not all of them can carry on their activities in the most appropriate manner as the rules which govern them at present are excessively uniform.

A new law concerning state companies is also being prepared. This is intended to serve the interests of the economy. A new Labor Code is currently being drafted, too.

The new law on social security is aimed at improving living conditions. The statute concerning young people also awaits reform. The government wishes to curb negative social trends and has, therefore, called for the drafting of high-level legislation aimed at preventing crime. It has also ordered the revision of the Penal Code and the redrafting of the law on petty offences. Conse-

quently, there are many tasks ahead, though these will be spread over a period of five years. Chief among them for this year is the drafting of the new family law.

*All these plans for legislation may well prompt one to ask whether we don't expect too much from the law when it comes to solving our social and economic problems.*

Well, it is precisely doubts of this kind that are allayed by planning. Planning makes it possible to filter out those unrealistic demands which reflect a belief in the omnipotence of law. Such illusions can, of course, be cherished in connection with the approved legislative program as well, but we are trying hard to eliminate from the draft laws any aims that seem even slightly unrealistic.

*In connection with the recently-approved legislative program, the hitherto oft-mentioned need for a clearer, more comprehensive legal system free of inconsistencies was voiced yet again, as well as the need to counter over-regulation. Can any spectacular improvement be expected in the coming years?*

The new, high-level rules call for a review of all existing legal regulations to see whether they are outdated or whether they contradict the new, comprehensive measures. This process may entail a considerable decrease in the number of laws on the statute-book. The new Education Act, for instance, has invalidated 131 legal provisions. At the end of last year there were 5333 legal provisions in force as opposed to 4280 in 1980, a figure almost intolerably high. Out of

these, 2376 were ministerial decrees. The number of decrees from the Ministry of Finance alone increased by sixty last year. And a much greater number is made up by departmental injunctions, which are not even included in the statistics. Experience shows that there are far too many outdated, low-level regulations which do not meet the requirements of the age, not to speak of many others which were non-viable even at the time of their conception. In an effort to decrease the number of these, ministers and the heads of bodies with a nationwide sphere of authority will revise all legal regulations pertaining to them and which were enacted before 1960. They will do this until the end of the year and their efforts will be coordinated by the Ministry of Justice.

*Why only the laws passed before 1960? The accelerated social and economic changes of the last years may cast some doubt on more recent regulations as well, wouldn't you agree?*

We did think of making 1968, the year of the new economic reform, the dividing line. Nineteen-sixty was a more important turning-point, however, from the social, and especially legal, aspect. The bill under preparation which concerns the sources of law is closely connected to this subject as well. A unified legal system free of contradictions makes it necessary that all issues requiring legal decrees be regulated at the appropriate level. One of the basic requirements of legality is that regulations issued for the implementation of high-level legal provisions should serve implementation and should not go beyond their sphere of authority.

## KOMMUNIST PRAISES KADAR'S 'SOLID MARXIST POLICIES'

Budapest NEPSZABADSAG in Hungarian 2 Aug 86 p 6

[Abridged text of review, in the No 10/1986 issue of KOMMUNIST, by Academician Petr N. Fedosejev of book "Izbrannyye stati i rechi" [Selected Articles and Speeches] by Janos Kadar between 1979 and 1985: "Following Solid Marxist Principles"; first paragraph is NEPSZABADSAG introduction]

[Text] In the No 10/1986 issue of KOMMUNIST, the theoretical journal of the CPSU, Academician P. Fedoseyev reviews a volume, published in the Soviet Union, of selected articles and speeches that Janos Kadar wrote or made in the period from May 1979 through April 1985. In the following we present the abridged text of Academician Fedoseyev's review.

Even the best theory would remain dogma, without practical implementation and the valuable experiences of its application. Marxist-Leninist principles lead a creative life when they govern the struggle for the old society's revolutionary transformation and for building a new society. Theoretical works--closely linked to practice--by leaders of the CPSU and its fraternal parties contribute constructively toward the development of Marxist-Leninist theory. This fully applies to the content of the articles and speeches by Comrade Janos Kadar, the general secretary of the Hungarian Socialist Workers' Party, the outstanding party leader and statesman of the Hungarian People's Republic, and a prominent figure of the international communist movement. Comrade Kadar has been at the helm of the MSZMP since the suppression of the Hungarian counterrevolution close to 30 years ago, and he has had a decisive role in the formulation and implementation of party policy.

Chronologically, the articles and speeches in this volume are from the most recent of these three decades, but the author--through his statements and conclusions--gives us an overview of life in fraternal Hungary during all three.

Janos Kadar traveled a long road as a member of the underground Communist Party and a fighter in the struggle against the Horthy regime and fascism. He took over the leadership of the party and the country at a difficult time in the history of postwar Hungary. Due to Matyas Rakosi's "left-wing" sectarian policies and the subsequent treachery of the clique of right-wing opportunists, Hungary went through a profound social crisis in the 1950's.

When the domestic reactionary forces took advantage of the right-wing opportunists' compliance and triggered, with the direct support of Western imperialist circles, a counterrevolutionary uprising in the autumn of 1956, it was Janos Kadar who headed the struggle to unite and mobilize the country's revolutionary forces, to suppress the counterrevolutionary uprising, and to reorganize and strengthen the party of the Hungarian working class. The revolutionary worker-peasant government was formed on his initiative and under his leadership.

Consolidation and the reinforcement of socialist principles in public mentality and society's life began in an extremely complicated situation. Under these conditions the leader of the Hungarian Communists gave evidence of indefatigable energy and activity, demonstrated a high degree of ideological staunchness and displayed unusual ability in work among the masses, in organizing the working class and recruiting party members.

The younger generations, who have not lived those times through, are not always able to imagine how complicated and confusing the situation then was, and how important were the Marxist perspicacity and personal courage of those who could see clearly through the maze of contradictions. They found the right way to socialism's defense. And then, disregarding the enemy's slanders and invectives, they implemented this policy with complete adherence to ideology, defending it against attacks from the right and the "left" as well.

The Hungarian Socialist Workers' Party learned important lessons from the events of 1956. It made selfless and honest service of the people's interests, close contact with the working class and workers, and consistent struggle on both fronts--against right-wing opportunism and revisionism, as well as "left-wing" opportunism, dogmatism and sectarianism--the centerpiece of its principled policy.

Characterizing the party at the 13th MSZMP Congress, Janos Kadar said with complete justification: "Our party is the revolutionary vanguard of the Hungarian working class, a Marxist-Leninist, patriotic and internationalist party. As a result of socialist development in the course of our history, our party has become the party of the people, the leading force in our society; and it is striving to fulfill this mission with honor."

The experience of the MSZMP proves that the party is able to win the confidence and support of the masses only through confidence in the masses, through a policy of frankness. Already in its very first measures, the MSZMP strived to distinguish from the counterrevolutionaries those who had accidentally drifted toward them. It did not include among the enemies of socialism those who were undecided or did not see eye to eye with the party on certain issues. The party in fact felt, correctly, that workers could not consciously turn against the power of the people; that they had to be enlightened; that the events had to be explained to them. Therefore the MSZMP did not pursue the sectarian principle: "Who is not with us is against us." Instead, in the spirit of confidence in the workers, the party employed the flexible approach: "Who is not against us is with us." Janos Kadar said: "Confidence, I felt, was the road along which we could unite with all those who truly sympathize with socialism. Confidence is my creed. I firmly believe that if we appeal to anyone, even to someone less familiar with the principles of communism, and tell him that we

need his help and trust him, this will unquestionably inspire him to live up to our confidence in him."

The MSZMP has not only retained but has even enhanced the mutual trust forged between the party and the workers under the most difficult conditions. The Hungarian Communists profess an idea recurring in every one of Comrade Kadar's works: That the people's confidence in the party is not something to be won once and for all; that this confidence must be fostered and strengthened continually, in every stage of development, whenever the conditions and the party's policy change significantly.

The MSZMP has achieved its important results specifically through its close ties with the masses, through a constructive approach to the arising problems. Among the greatest achievements of the revolutionary forces in Hungary we ought to mention first of all the laying of socialism's foundations and the creation of a socialist society. This includes successful industrialization, and also the socialist transformation of agriculture. It can now be said with full justification that Hungary is building an advanced socialist society.

The country is now in a new and highly responsible stage of a changeover from extensive economic growth to intensive development, a stage in which the requirements are economic efficiency and products of good quality. In the solution of these tasks the party is attaching great importance to the progress in science and technology, and it continues to be guided unalterably by the principle that socialism and science are allies.

The MSZMP regards economic work as a basic area of the Communists' activity, and it is seeking persistently the way of perfecting the economy's management. It is common knowledge that in the world there are different assessments of Hungary's economic reform, of the Hungarian economy's peculiarities, and of its close link to the world economy.

Janos Kadar has explained the essence of the Hungarian experience, and his view of it, in the following words: "The nation's economy, which comprises several sectors and subsectors, and also numerous specific areas and activities, cannot be managed as if it were a single large enterprise . . . . The socialist system's fundamental virtues, strength and superiority must be combined with flexibility, with faster action."

Hungary's experience of successful agricultural development, of agriculture's conversion into a big-volume exporting sector, is of international importance. A number of factors have contributed to the results in agriculture. These factors include first of all the incentives for workers in social production, and farming on household plots that is closely linked to the socialist assets.

To supplement the socialist sector, the MSZMP permits and encourages work by individuals and groups. At the same time, however, the MSZMP sees to it that particular interests are not placed above the interests of society.

Hungary's Communists regard as a significant achievement the rise in the level of socialist awareness, and the strengthening of socialist patriotism and internationalism in public mentality. But the party sees also the negative

phenomena that surface within public mentality. These phenomena stem in part from the serious crisis situation created by the counterrevolutionary uprising, in part from the spreading petit bourgeois views, and in part from the frenzied propaganda of the imperialist centers, of course.

In its struggle against the negative phenomena, the MSZMP relies primarily on ideological and political education, on propagating Marxism-Leninism as a truly scientific world outlook, and on interpreting the party's policies on building socialism and on international affairs.

No matter how full of contradictions life may be, a party on Lenin's model must tell the people the truth in every stage of its development, must act in agreement with its principles and statements, and must be frank with the workers. As Lenin wrote: "Frankness in politics--in other words, in that area of human relationships where we deal with millions, and not with individuals--means completely verifiable agreement of words and deeds."

Under Janos Kadar, the Hungarian Socialist Workers' Party has always strived to consistently abide by this principle in its policies. And the workers, the entire Hungarian people, duly appreciate the party's adherence to this principle. This frankness in politics has been clearly perceptible during the past five years as well. When the Hungarian People's Republic entered the 1980's, the MSZMP spoke to the people honestly and frankly about the difficulties awaiting them.

So far as the foreign policy of the Hungarian People's Republic is concerned, it is unalterably pursuing peace and cooperation. With the Soviet Union and the other socialist countries, the Hungarian People's Republic is fighting to radically improve the world situation, halt the arms race, and avert a new world war.

Characterizing the foreign policy of the Hungarian People's Republic, the Hungarian leader emphasized: "Naturally, the fact that our foreign policy expresses socialist aspirations multiplies our strength. We are marching along, and pursuing a common foreign policy, with the Soviet Union, our most immediate and best ally, and with the countries of the Warsaw Pact. To assert these aspirations, we are joining forces with every socialist country, with every progressive country in the world."

The Hungarian Communists are following closely the theoretical and practical activity of the Communist Party of the Soviet Union, hold in high esteem the Leninist style embodied in this activity, and utilize in their own work the vast experience of the CPSU. That our party accurately appraises its historical achievements, but at the same time views the attained results realistically and critically, approaches the tasks in an innovative manner, unfolds wide the initiative of the masses, activates the human factor, and reckons with socialism's great advantages and possibilities--all this is the subject of particular interest to the Hungarian Socialist Workers' Party, the Hungarian Communists. At the 27th CPSU Congress, Janos Kadar spoke of this clearly and unambiguously: "Acceleration of the Soviet Union's social and economic development is an enthusiastic objective not only for Soviet workers; it is also gratifying for every supporter of social progress, of socialism, everywhere in the world."



At their Budapest meeting in June this year, M. S. Gorbachev, the general secretary of the CPSU Central Committee, and Janos Kadar, the general secretary of the Hungarian Socialist Workers' Party, established with satisfaction that the fraternal relations and comprehensive cooperation between the Soviet Union and Hungary were developing successfully, in the spirit of mutual trust and understanding. The traditionally frank and comradely relations between the CPSU and the MSZMP, their solidarity and mutual assistance in the solution of the tasks confronting them, the systematic and effective exchange of views and experiences between them are of particular importance. There is complete agreement of views between the two parties on every basic question of social development and international politics.

When formulating the new tasks and elaborating the methods of implementing them, the MSZMP takes into consideration the general laws of building socialism, the specific conditions in its own country, and the experiences of the Soviet Union and other socialist countries. It strives to utilize more fully the socialist system's advantages and great opportunities.

These are the basic ideas in Comrade Janos Kadar's present volume that shows how complicated are the problems with which the Hungarian People's Republic has been and is confronted in the various stages of its development, what efforts are being made to solve them, and what results the Hungarian people have achieved on the road to socialism, within the community of socialist countries.

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CSO: 2500/426

## NEPSZAVA SERIES ON CHINA: HISTORICAL BACKGROUND

Budapest NEPSZAVA in Hungarian 8 Aug 86 pp 2-3

[First of an unspecified number of articles about China by Laszlo Fodor, editor in chief of NEPSZAVA: "China Closeup"; further articles in the series will be published in consecutive issues of this JPRS report]

[Text] Chinese history goes back about 4000 years. Probably this explains why the Chinese, the leaders and ordinary people alike, tend to weave the ancient past into their speeches and conversations.

The deputy director of Shanghai's largest silk factory, which produces a total of 16 million meters of silk a year in 40 different product families, is evidently pleased to lace his present message with China's Latin name: Seres. The country's oldest and best-known product is silk, which wandered through entire Asia, along the famous "silk road," to the Latin countries.

In Wuhan, the 22-story Chinchuen is a modern hotel, equipped with four elevators and built on the Yangtze River. The river is navigable all the year round, and huge vessels are thus able to sail as far as Wuhan situated 1100 kilometers from the sea, in China's heartland. My hotel room offered a beautiful view of China's and also Eurasia's biggest river, the third largest river in the world, after the Amazon and the Nile. From the left-hand window of my corner room on the 7th floor one could see the Yangtze, and the double-deck bridge built in 1957 to carry both rail and highway traffic. And from the right-hand window, the nearly finished 220-meter TV tower with its rotating restaurant. My guide, staying in the room next to mine, must have seen me several times on the balcony, standing motionless and watching the Yangtze flow by. Because one night he said: "We Chinese dearly love our great rivers, even though they cause us much trouble."

## City of Three Stoves

The Yangtze, also known as the Long River, flows along 6380 kilometers of China's landscape. Instead of the Great Yu, the demigod of the mythical and legendary period who is said to have regulated the streams at one time, this work is now being done by the people. To control floods, the Yangtze has been regulated. Its abundant water is being used to irrigate the country's largest grainfields. This river will eventually feed the more than 1000-kilometer-long

canal that is being planned along the route of the old Great Canal. This concept requires the completion of a gigantic project: three huge water tunnels are being built under the Yellow River, to deliver clean water from the Yangtze into the new canal. (Because the water of the Yellow River is very muddy. Hence also the river's name.)

My guide laughingly tells me that this plan will fulfill the one-time function of the demigod Shen Nung, who had been responsible for agriculture during the mythical and legendary period. But then he turns serious and continues: To harness the Yangtze for agriculture, a catchment area of nearly 2.0 million square kilometers is being formed. This huge area will supply 40 percent of the country's bread-grain demand, and 70 percent of the demand for rice.

In Wuhan, accompanied by Meng Dong-ming, I visited the most famous pagoda in the area.

Wuhan was formed by incorporating three cities: Hankou, Hanyang, and Wuchang. Throughout China, Wuhan is referred to as the city of three stoves. For two reasons. First, because temperatures of 40°C are quite common in Wuhan. And secondly, because this is where the revolution of 1911 broke out that overthrew the Manchu dynasty, and in 1927 this was also the seat of left-wing Kuomintang government that collaborated with the Communists.

Incidentally, my interpreter ran into trouble in Wuhan. A staff member of Beijing Radio's Hungarian desk, he was barely able to understand the locals. Throwing up his hands, he explained: The Yangtze is not only the boundary of South China, but is more or less also the dividing line between the North Chinese and South Chinese dialects that radically differ from each other.

The pagoda built on the top of a hill is called the Yellow Stork. (In China, the stork is a symbol of longevity and happiness.) My guide explained that the pagoda, which served as a fortress at one time, was built about 1400 years ago, in honor of Huang Ti, the Yellow Emperor. The Yellow Emperor defended the country with his 108 warriors. In their memory, the pagoda was rebuilt of wood. But after it burned down several times, a grateful posterity rebuilt the pagoda of steel and concrete, to its original design. The Yellow Stork pagoda rests on 108 columns, a memorial to the 108 warriors. Every floor of the pagoda is a museum. Ancient Chinese frescoes, manuscripts, coins and a multitude of artifacts are preserved here.

#### Ostentatious Palaces

The Chinese have great respect for their past and cherish their ancient culture. This is evident from the care with which they are preserving the Summer Palace in Beijing.

A tourist guide of the complex explains: "Today this place is a beauty spot that appeals to both domestic tourists and foreigners already for its beauty."

The beauty spot is a tourist attraction with a multitude of pagodas, pavilions, walks and throne rooms. Here everything is artificial: the lake, the mountain, the rocks. When the emperor wanted a lake on the arid plain, or perhaps

a mountain, he assigned several hundred thousand people to dig the lake, pile up the mountain, and haul boulders here from a distance of 500 kilometers.

I pricked up my ears to this explanation and reasoning. It took China's emperors 800 years to build the Summer Palace. Or more accurately, the people built it for emperors, on their command. The 800 years did not exhaust the strength of the dispossessed people whom famines occasionally decimated. And they were building for the emperors, not for themselves. Then why would the Chinese people of today exhaust their strength when building socialism, under the leadership of the Chinese CP?

I jot down in my notebook that the tourist guide, who is barely over 20, links the past with the present several times a day. This 3000-hectare jewel, with its shrines, arch bridges, and its buildings under dragon-decorated roofs, was completely destroyed in the Opium War, at the end of the last century. (The dragon-decorated roofs are curved toward the sky, and thus the evil spirit is unable to descend from the roof.)

At the end of the last century, the empress dowager Tzu Hsi rebuilt the centuries-old huge complex, with money intended for the modernization of the navy. We are proceeding along a 2-kilometer-long covered corridor that is built of wood and open on both sides. Next to us, along the entire length, is an artificial lake. Some protection from the sun is welcome, because today yang is very strong. According to Chinese philosophy, yang and yin are the two cosmic principles that are struggling with each other. Yang the masculine, active principle is exhibited in heat. Yin is the feminine, passive principle that cools.

The roof structure of the walk resting on wooden columns is covered by thousands of paintings. Scenes from history and legends, good and evil spirits, landscapes, the pictures of flowers and animals are painted side by side, so that not even a square meter is left empty. During the cultural revolution, the workers of the Summer Palace saved the pictures by coating them with white paint. When the vandalism of the Red Guards reached the Summer Palace, the guards thought that another group had preceded them. The white paint was removed with great care in 1978. It had not damaged the art treasures. As souvenirs we received a color brochure, and a photograph showing a group of well-dressed young people learning to waltz on one of the terraces of the Summer Palace.

I entered the Winter Palace--the one-time citadel of China's emperors--from Tien'anmen Square, the center of Beijing, through the Gate of Heavenly Peace, under a huge picture of Mao Ze-dong. The 500-year-old palace district--the "Forbidden City," as the Chinese call it, because only the privileged could enter it before the revolution--is surrounded by a high wall of red brick.

The Palace Museum draws a crowd. There is much to see in the buildings under their serrated, ceramic-tiled, dragon-decorated roofs. The milling crowd, note-taking, expressions of amazement, clicking cameras. Thrones and throne rooms. The interpreter diligently translates the inscriptions. The names and dates of emperors and dynasties, of deities issuing good or bad decrees.

Chinese history ranks Kang Hsi (1661-1722), the emperor who consolidated the Manchu or Ching dynasty, together with Peter the Great and Louis XIV. During his reign, my guide explained, China's territory was the largest ever, and the economy entered a period of great prosperity. This emperor, the guide added, could serve as a model even for the Chinese of today.

The signs of restoration are evident: In the throne room, the thrones on a dais reached by three steps have been regilded. And this is also true of the places where once the mandarins (ministers) stood. Walking from one building to the next, several times I nearly fell over the high sills that are there to keep out the evil spirits. Mere mortals were barred from the ramps, and the emperors were carried in swaying palanquins over this ornate stretch. (Today the ramps are closed to preserve as long as possible the marble reliefs, the works of art decorated with dragons.) The sights leave me dazed.

I get the same feeling also at the Great Wall, and not because of agoraphobia, either. I am amazed by what man is capable of accomplishing. This tourist attraction 60 kilometers from Beijing is visited by thousands of tourists each day. Cosmonauts are able to see it from space with their naked eye.

What we encounter is a virtual Babel. My impression is that every language of the world is being spoken here. The total length of the Great Wall is 12,700 li or 6,350 kilometers. Naturally, not every part is accessible of the crenellated stone fortification that winds along the mountain ridge like lace trimming and once served to defend China. According to legend, our tourist guide tells us, millions built the Great Wall, and thousands died building it. The inexorably difficult work claimed its victims. But there was no time to bury the dead. The Great Wall became the final resting place of the slaves who had perished. Their bodies were tossed into the clay mortar.

#### Wedding on the Great Wall

We were at the Great Wall's 45-degree summit slope when it started to rain. Good that we had brought umbrellas along, thanks to the foresight of our hosts. But the rain stopped as suddenly as it had begun. It was again possible to photograph and film. Only the climb was more difficult along stones polished smooth by wear. But we did not give up, and climbed higher and higher. Ahead of us was a large American group, most of them about 70 years old.

"Had you been here yesterday, you could have seen a wedding ceremony," our tourist guide explained. Japanese tourists were married on the Great Wall, amidst exploding firecrackers.

Anyone who gets to the Great Wall usually visits the Ming mausoleum on his way back. Chu Yuan-chang, the Ming dynasty's founder, had been a swineherd before becoming a Buddhist monk, then the leader of the peasant revolt, and eventually the emperor. A row of stone statues leads to the tomb that lies deep inside a hill. Horses, dragons, elephants and phoenixes guard the emperor's final rest.

In the innermost chamber of the casemates carefully built deep inside the hill, the emperor lies in a red sarcophagus. He is surrounded by his wives, concubines, servants and treasures, in huge sarcophagi. Construction of the world-famous Ming mausoleum required 65 million man-days over a period of 6 years. On average, there were 30,000 workers on the construction site. The cost of the mausoleum would have been sufficient to feed a million people with rice for 6.5 years.

I admire in silence the amazing work that Chinese man created many centuries ago. And I realize that Man, with a capital M, whether he lives in China or elsewhere, is capable of miracles in any period.

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## CPSU, PZPR ACADEMIES COOPERATIVE AGREEMENT

Warsaw TRYBUNA LUDU in Polish 4 Jul 86 p 7

["Polish-Soviet Cooperation of Party Academies"--PAP report]

[Text] The Academy of Social Sciences under the PZPR has been for many years cooperating with institutions in the Soviet Union. Polish and Soviet scientists are taking part in joint scientific conferences and jointly preparing textbooks.

Many scientific associates of the PZPR's Academy of Social Sciences undergo advanced training at the Higher Moscow Party School. Hence, representatives of the Soviet delegation to the 10th Congress, including CPSU Central Committee Secretary Aleksandr Yakovlev, received a particularly cordial welcome during their visit to the Academy of Social Sciences on 3 [Jul 86].

The meeting between the Soviet visitors and the heads of the Academy of Social Sciences provided an occasion for presenting to the participants the dynamic development program of the Soviet Union outlined by the 27th CPSU Congress. "The strategy of speed-up" was a term repeatedly employed by A. Yakovlev with respect to the pace and implementation of the resolutions adopted by the supreme forum of Soviet communists. There is no simple recipe to economic success, and ready-made models assuring dynamic transformations in the sphere of economic and social programs are difficult. Hence the final success in fulfilling ambitious plans depends to a great degree not just on the activism of discrete segments of the population but on the attitude of the entire Soviet society. A further restructuring of awareness is needed, primarily among the leadership cadre, as is promoting the autonomy of enterprises. An important role in accelerating the pace of development is ascribed to the worker collective, with emphasis placed on the role of the [piecework] brigade [system]. A. Yakovlev observed that, among other things, even now the results being achieved in the USSR as regards increasing the effectiveness of management, as well as the changes taking place in the interpretation of tasks relating to social policies, warrant the assumption that the ambitious plans reaching as far as ahead the 21st century can be completely fulfilled.

The USSR Ambassador Vladimir Brovikov was present.

1386

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## PRE-CONGRESS DISCUSSIONS, STATEMENTS BY WORKERS

## Strengthen Party Authority

Warsaw TRYBUNA LUDU in Polish 23 May 86 p 3

[Excerpts of statements made by conference participants, abridged without authorization of speakers]

[Statement by Zygmunt Serwatka, a worker in the Koniecpole Plywood Factory]

[Text] The PZPR members' fundamental duty is to strengthen the party authority both in their workplace and in their place of residence. The so-called "meeting members" are still too numerous in our party. Such comrades are very active during the session of their workplace party organization, but in the countryside, where they live, they tend to forget they carry a membership card. Talking to farmers, their neighbors, they are critical of the party and state policies, they pick up and exaggerate some weaker points in the party policy, and most frequently they present a view that the party starts from provincial committees up.

In 1985 the Central Committee's Secretariat passed a motion concerning the obligation to discharge party work in the place of residence. On behalf of delegates from the Koniecpole region, I move to state clearly in the PZPR statutes that party work in their place of residence is a fundamental duty of all party members.

The party member's authority in the community is affected by the implementation of party decisions. I am a worker, but I own a farm too. Hence I know that the joint decision made by the PZPR Central Committee and by the ZSL Executive about allotting to agriculture 30 percent of the national income, has not been fully carried out. It has not positively affected the climate toward the party in the rural environment. In addition, there is a shortage of fertilizers, in particular nitrolimes, and of coal. Up till now agriculture has been, after all, the only branch of our national economy, which overcomes the crisis fastest.

Our workplace aktiv has passed a resolution that the basic party organization has the right and the duty to recommend its members for leading posts.



According to our region's delegates, the congress documents should supplement this decision by a provision [which states] that "those recommended by the party for leading functions should be evaluated at least once a year by the basic party organization which had recommended them, at a party meeting or through face-to-face conversation."

### Worker Role in Party Stressed

Warsaw TRYBUNA LUDU in Polish 23 May 86 p 3

[Statement by Kazimierz Maslankiewicz, a worker in the Myszkow Enamel Wares Factory]

[Text] It does no good if in a factory we are met by a claim that "the party has voted itself a program," and if it will carry it out, we will all live better.

I think that the fight for people consciousness is too half-hearted. This is, after all, not just a party program, but the national one. The entire society should be involved in the implementation of this program's goals.

We, the workers, the party members, are afraid that the party might once again assume the full responsibility for the economic and social area, and therefore will be called to answer for what the [state] administration should be primarily taken to task.

Just now only a few among the working masses are privileged to feel happy because of their work. We have no respect for work--no doubt about that. Whoever reaps major gains for his shoddy work, is more acclaimed than the one who works well and efficiently.

Workers have a well developed sense of justice, but it concerns mainly financial matters. Work, wages, and prices are the main conversation topic. Such people should not be condemned, everybody thinks highly about the value of money. But one should prevent [such an attitude] by promoting a work style which would not express the bond with the workplace in money terms alone. Work should be valued. Such an evaluation should not be made at random. Interested workers should be made aware of the criteria which decide their fate, and j[should know] that it depends on themselves whether their wages and productivity were going to pay off.

Workers would like to be more frequently addressed by the management, the committee, the labor unions, by those "at the top." To avoid shortage of materials needed for production, to prevent the present development of bureaucracy, workers would also like to be listened to, and if they are right, their suggestions should contribute to the way the workplace, the town, and the country are run.

The draft program mentions building up a system of social justice, but until now this justice has been criticized by the people. Party members are widely enraged by cases of bribery, favoritism, etc. Whatever used to be quite inconceivable or was done very discreetly, is now being done almost openly; some workplaces even arrange exchanges among themselves thanks to connections.

## Personnel Policy Complaints

Warsaw TRYBUNA LUDU in Polish 23 May 86 p 3

[Statement by Boguslaw Kalbarczyk, locksmith at the PRONIT Plastic Works at Pionki]

[Text] In our workplace individual talks with party members have provided many insights into our future party activity. We are convinced that we are not effective enough as far as organization is concerned. We have too many conferences, meetings, and sessions, which ineffectively waste time of work or leisure. In our party activities we pass too many decisions, which are never implemented afterwards.

Improper attitudes are tolerated in our personnel policy, in particular with the leading cadres, and everything is frequently done to keep the same people in top positions. At the same time young people are ignored for promotion.

Our party organization has paid major attention to problems of production. Our workplace economy reflects mistakes committed throughout the industry. Foreign currency, for instance, has not always been rationally allocated for raw materials imports. In the chemical industry there are factories which export acids, while others import them. During party talks in the PRONIT, some party members, too, drew our attention [to the fact] that the decapitalization of the machine park and equipment has reached very high proportions, while repairs, though increasingly costly, do not arrange things anymore.

12485/9312

CSO: 2600/546

## INTERNAL AFFAIRS OFFICIAL VIEWS 24TH PLENUM RESOLUTIONS

Warsaw TRYBUNA LUDU in Polish 4 Jun 86 pp 3, 4

[Interview with Deputy Minister of Internal Affairs, Andrzej Gdula, by Jerzy Salecki; date and place not given: "Great Responsibility--Ever Increasing Demands"; passages enclosed in slantlines printed in boldface]

[Text] [Question] At the end of October 1984, the resolution of the 17th plenum of the Central Committee of the PZPR defined "The Tasks of the Party in Strengthening the State, Developing Socialist Democracy, Preserving Legality, Order, and Social Discipline." The tasks laid out by the party leadership before the party membership, obviously, also bound the party organizations in the internal affairs ministry to undertake specific actions.

[Answer] The contents and decisions in the resolutions applied not only to party members. The resolution of the 17th plenum guided the work of the state authorities and administrative bodies, inspired the state institutions and social organizations. In fact, the subject of the remarks was society; the object, state decisions, socialist democracy, legality, and order.

Thus, our ministry, which is legally responsible for state security, protecting the interests of the working class, and maintaining internal order guaranteeing the average citizen a peaceful life, was given specific tasks in the resolution.

The evaluations of the party leadership and the local administrative and party organizations permit me to claim that the ministry is fulfilling its responsibilities appropriately. Among many other factors, the attitude and commitment of our functionaries and soldiers, 82 percent of whom are of worker or peasant origin, make this a foregone conclusion. They are sons of the land they protect and represent the two classes vitally interested in the development and strengthening of the socialist state and the people's authority.

The ideological and political attitudes of the functionaries also play a significant role. Bluntly put, the very acceptance of work in the internal affairs ministry is a political choice. The consequences of this choice are reflected in the party membership of the personnel. More than 68 percent of our functionaries and soldiers are either members or candidates of the PZPR; in the Security Services the figure exceeds 90 percent. In general: there is simply no one in the ministry for whom the class interest of the working

people is unimportant, who would not be engaged in the defense of the socialist state.

[Question] I believe that you, Comrade Minister, will agree with me that class origin and ideology determine attitudes but do not ensure skill and professionalism.

[Answer] Class and ideology assure commitment. We passed a difficult test in the forties; then ideology determined action, was the chief weapon of the ministry. Today we can have personnel with high ideological values and the highest professional qualifications. In the ministry's personnel policy, professionalism is the determining element in the evaluation and placement of employees, a criterion we rigorously enforce.

[Question] Personnel, always a problem, must have particular significance in the internal affairs ministry.

[Answer] Only people with unblemished backgrounds can work in the ministry. This principle also applies to members of their immediate family. We employ people with at least a secondary education; exceptions are extremely rare.

After a trial period (preparatory service last three years) to establish their ability for the profession, the functionaries are sent to a noncommissioned officers school or a higher officers school. The ministry also employs specialists in various fields with higher educations. At present 82 percent of the functionaries have either a secondary or higher education. Nearly all of the officers hold diplomas from higher schools. The few exceptions are among the oldest officers with tremendous experience and professional knowledge.

The most talented, who are destined to hold supervisory positions, study at the Academy of Internal Affairs.

In general, I can say that the entire educational and training system, constantly increasing the political and professional knowledge, serves to shape the personality of the ministry's functionaries. We care for their knowledge and habits, for their skills and attitudes. This is all the more important since more than 75 percent of the functionaries are younger than 40. Our personnel are young and well prepared, and we want their quality to increase constantly.

[Question] It is obvious, however, that in large groups people differ, simplifying--are good and bad. The citizens would like for all the ministry's employees, without exception, to be good.

[Answer] The ministry's leadership would like the same thing. But there is no way to ascertain whether each employee, especially each functionary during his trial period, has the personality and attitude we desire. As in every group besides individuals with high morals and intellect, there are people with weak personalities, bad habits and tendencies, which only become apparent in particular situations. We all know bad sales girls and there are also

bad militiamen. There are careless health service personnel and careless functionaries. Individuals with the title of professor also behave like simpletons; there are among us individuals who forget basic manners in their contacts with the public.

[Question] However, as you, comrade minister, have said, the internal affairs ministry has special tasks and one cannot accept that if for every 100 sales girls there are 10 impolite ones and five dishonest ones, that similar proportions among militiamen would be natural.

[Answer] Certainly! You are right. An employee of the ministry must have a strong will and solid character, such a personality that would not yield to depravation, that would act always in accordance with the law. As is known, our work brings us into frequent contact with demoralized groups, with criminals and bandits.

We pay particular attention to cultural activities and education, to self-education, to contact by the functionaries with the working people. These factors are to protect the functionaries from professional deviations. The educational tasks are carried out by the entire leadership personnel of the ministry, training is central to the ministry's political apparatus and its party organizations.

Regardless of the training activities, anyone who performs his duties carelessly, abuses his position, or commits a crime will meet with the appropriate punishment. Discipline applies to everyone and there will be no leniency for anyone.

A number of the ministry's institutions perform special, significant roles in this area: the Noncommissioned Officers and Officers Honor Courts, the party organizations, and the Council of Functionaries.

During their meetings, the participants examine, evaluate, and present concrete conclusions on various daily human matters--those that produce satisfaction as well as the difficult, sad ones for those immediately concerned as well as for the entire group. In 1985 these institutions took disciplinary action against 1368 functionaries, while 105 functionaries were cleared of charges. Also in 1985, 722 people were dismissed for violations committed on duty or improper behavior off-duty. Also, 169 people were dismissed because they were not suited to perform these duties.

The ministry performs its self-cleansing process with unswerving consistency. I assure we are aware that society like the party and state leadership demands that the ministry's functionaries include only people of the highest moral standards.

In December 1985 the Political-Educational Board of the Ministry of Internal Affairs issued the "Principles of Ethics and Behavior for Functionaries of the Citizens' Militia and the Security Service," which is to be implemented and generally observed. It is an internal codex.

[Answer] The "Principles" contain 40 years' worth of the ministry's experience in ideological and moral education. The central idea is the observance of the law and fulfilling our service role for society. The "Principles" describe inter-personal relations, relations between colleagues and in the service, to a limited degree also family relations. In sum, the "Principles" are a collection of norms defining how one works and a model of behavior for functionaries, obligating them to work for the good of society and the state. We require adherence to the "Principles," for obeying them guarantees respect from society, assures us of the citizens' understanding of the tasks the ministry performs in the public interest.

[Question] The criteria that a functionary must meet are high. I will ask you directly, is the pay scale equally high?

[Answer] I will gladly disperse the occasional myth. In Warsaw 3951 functionaries are waiting for apartments, and although we have our own construction crews, the probability that we will solve the problem is small. The facilities for vacations and summer camp for children are also inadequate, and there are always more requests than permits. Our health service confronts the usual difficulties; certainly, the functionaries are no more privileged than the railroad workers or miners.

Finally, the pay scale. We believe that pay for work in the ministry is not bad. It is what the state can afford. I believe that the pay does not differ from the average earnings in a production enterprise, from the pay of a specialist with similar qualifications employed in the public sector. A militiaman with the rank of corporal, after six years of service, with no family allowance, earns 16250 zloty. An inspector with the rank of lieutenant after 11 years of service earns 27800 zloty. A section head with the rank of lieutenant colonel after 26 years of service earns 41150 zloty.

We believe that those are respectable earnings, although in some situations they are not competitive earnings. In many units there are vacancies. And what is significant, they result not from some prejudice against work in the militia but from cold calculation. Service goes on around the clock, the obligations are great, responsibility is met, the degree of risk to health or even life high. Those wanting to earn a great deal and work little do not apply to us. Only those wanting to, come to us. Which is as it should be.

[Question] In the spring of 1986 a committee of the Central Review Commission made a comprehensive evaluation of the work of the party organizations in the Ministry of Internal Affairs. About 2 weeks ago the Politburo of the PZPR Central Committee analyzed the implementation of the resolution of the 17th Plenum in the Ministry of Internal Affairs.

[Answer] The Commission's evaluation was the first during the 4 postwar decades. It applied to the district committee and the factory committee of the Main Headquarters of the Citizens' Militia and to the party organizations in five voivodships. All aspects of party life were evaluated. With satisfaction I can say that the evaluation was highly positive, which does not mean there were no problems, that work does not need improvement, and that new solutions need not be sought.

Accepting the Commission's report, the Politburo of the Central Committee enlarged it to include all of the ministry's work in implementing the resolution of the 17th Plenum. Both our party and professional work were given positive ratings. Particular attention was given to further improving and fully implementing the leninist principle of the security apparatus. This principle is embodied in the leading and inspiring role of the party in the party in the ministry, working within the law, shaping attitudes, raising the personal and professional quality of the functionaries. The accomplishments of the ministry in the struggle to protect the state and public order were emphasized; the social activities of our personnel were recognized.

[Question] But they are citizens among citizens.

[Answer] Of course! /The Politburo positively evaluated not only the functioning of the political-educational service in the ministry and its cooperation with party organizations and the leadership but also outlined ways of improving its methods and forms of operation. Many results derive from the voivodship party committees' interest in security problems and our work. The cooperation and contacts of our party organizations with those in many places of work are valuable./ All this is reflected in the civic activities of our functionaries. Nearly 3000 of them perform various functions in party units; 1712 are members of national councils; 2800 are active in local self-governments; and 12000 number among the active members of civic organizations. There is also a large group of instructors for the Polish Scout Union, of volunteer inspectors, and--almost traditionally--of blood donors, enrolled in 168 clubs. All clearly inspired and clearly from personal need: we are from society, part of society, and serve society.

/The resolution of the 17th Plenum outlines tasks not only for the near future. Its instructions are good for the long term. We understand our tasks in simple terms: protecting the security of the state and shaping observance of the law, securing order and public peace are always conditions for the existence of the state and the development of the nation. We perform our service in the name of this common goal.

[Interviewer] Thank you for your remarks.

13021/12947

CSO: 2600/577

## PZPR CENTRAL CONTROL, AUDITING COMMISSION STATISTICS

Warsaw TRYBUNA LUDU in Polish 9 Jul 86 p 1

[Article by (p): "Who's Who at the CKKR"]

[Text] The 10th Congress resolved that the party elect a single control-and-auditing body to replace the previous two separate commissions, the party control commission and the auditing commission. It then elected the members of such a new Central Control and Auditing Commission (CKKR).

The CKKR chairman also became a member of the Politburo. The CKKR has five vice chairmen. They are: the vice chairman of the abolished CKKP (Central Party Control Commission), the chairwoman of a province auditing commission, the chairman of the Supreme Chamber of Control (NIK), the first secretary of a province party committee, and a worker. The 15-member presidium includes two WKPP [province party control commission] chairmen, two first secretaries of province party committees, two workers, the chairman of an agricultural producer cooperative, a farmer, a scientist, a teacher, a plant director, a deputy minister, an officer, a public prosecutor, and a mine pit supervisor.

Within the 130-member CKKR the largest group are workers, 38, followed by nine military men and nine plant directors, vice directors, and department heads. There are five teachers and three scientists. Private and cooperative farmers number four each. The three physicians include one veterinary physician, and there are three nurses as well. Other members include four employees of the apparatus of state, two officers of social organizations, and two journalists, as well as one head forester, one gmina office secretary, one public prosecutor, and the manageress of a store.

The Commission's membership includes 21 first secretaries of province party committees, four province party committee secretaries, two WKPP chairmen, three first secretaries of gmina and borough party echelons, six first secretaries of plant party committees, and four representatives of the central party apparatus.

All the provinces are represented in the CKKR. The largest group is that of delegates from the Katowice party organization -- 13 persons, followed by eight representatives of the Warsaw party organization, five each of the Gdansk, Poznan, and Kielce party organizations, and four each of the Bydgoszcz, Lodz, and Bialystok party organizations.



## MIODOWICZ VIEWS POLITBURO SEATING AS POSITIVE

Warsaw RZECZPOSPOLITA in Polish 8 Jul 86 pp 1,2

["I Am and Shall Remain a Unionist" subtitled "Meeting With A. Miodowicz at Lenin Iron and Steel Plant"--PAP report]

[Text] (C) What about the independence of trade unions considering that their chairman has become a member of the PZPR Central Committee Politburo? How will the chairman of the OPZZ [National Consensus of Trade Unions], member of the Council of State, deputy to the Sejm, and, lastly, member of the party's Central Committee Politburo, find the time to exercise the duties ensuing from these multifarious offices? It was with precisely these questions that unionists greeted their colleague and work comrade Alfred Miodowicz on 7 [Jul 86] at a meeting at the Lenin Iron and Steel Plant in Krakow.

He declared, "Trade unions will be genuinely independent if they are strong and influential. The delegates to the 10th party congress included more than 1,700 unionists, of whom 170 are elected trade union officers. The party's Central Committee includes eight such trade union activists.... The Congress explicitly emphasized the significance of the resolution of the 16th Central Committee Plenum concerning the participation of workers in governing and the importance of trade unions. Regarding the resolution of the 10th Central Committee Plenum, the Congress supported maintaining relations of partnership between the party and trade unions. The fact that the OPZZ chairman was elected to membership in the Politburo demonstrates the strengthening of the position of trade unions, the growth of their power, the possibility of their more effective action."

A. Miodowicz continued, "There can be no return to old times. For the first time, the chairman of trade unions was elected to the Politburo, unlike formerly when a Politburo member used to be especially appointed to that office and became the head of trade unions. This innovation not only defines my position in the Politburo but also, and above all, it demonstrates the strength of trade unions."

The OPZZ chairman further declared, "I've been exercising and will continue to exercise variegated duties, but I shall never do so at the expense of trade unions, or of direct meetings with working people. I view every office I hold as yet another possibility of acting more effectively in behalf of the trade

union movement and working people. And as regards the question of whether I'm going to change, you know me well enough to know that I shall neither wear a tie nor change my language, mode of expression, or behavior. I am and shall remain above all a unionist, a Lenin Iron and Steel Plant worker."

During the lively discussion much attention was devoted to problems of trade union activity, collective bargaining agreements, calculation of the social minimum, and the activities of unionists-deputies to the Sejm.

1386

CSO: 2600/580

## REPORTS VIEW YOUTH ATTITUDES, STIR CONTROVERSY

Warsaw ZYCIE WARSZAWY in Polish 17 Jun 86 p 2

[Article by (WLS): "Problems of a Start in Life for Youth" under the rubric "Session of the Council of Ministers"]

[Text] Problems of a start in life for youth were on 16 [Jun 86] the topic of a session of the Committee for Youth under the Council of Ministers, chaired by Deputy Prime Minister Professor Zbigniew Gertych.

The discussion focused on two reports, "Polish Youth in 1985" and "Conditions for an Independent and Gainfully Employed Life of Youth," prepared by the Institute for Research Into Youth Problems and a team of experts from various ministries and social organizations.

Both these thick reports deal with the principal present-day processes and occurrences among youth, the forms and methods of assistance by the state, and the related shortcomings as well as desirable directions of longrange research. They thus concern such issues as the demographic situation of the child and youth population, problems of education and upbringing, access to culture, socio-occupational adaptation, the situation of new families, the attitudes and social awareness of youth, and the scope and extent of pathological phenomena.

From an analysis of these reports, which refer to earlier similar reports from the years 1982 and 1984, it ensues that positive work motivations among youth have decreased. There has been a decline of interest in culture and, especially, in reading. A positive trend, on the other hand, is the desire to continue education or upgrade occupational skills, manifested by more than 70 percent of the young people surveyed. A growing number of young people accept, with some reservations, the current policies of the state. The belief is growing that it is necessary to resolve the housing problem comprehensively, to pursue proper employment policies, and to create the conditions for meeting occupational and personal aspirations. The postulate of "worthy remuneration for good work" is being voiced.

Both reports caused considerable controversy among the participants in the session.

For example, Deputy Minister of Finance Jozef Gabjan drew attention to the need to consider priorities in the state's youth policy. These priorities should be: education, health care, and housing construction. In his turn, a representative of the Planning Commission under the Council of Ministers, pointed out that the reports do not mention any specific position taken by the ministries on the issues in question. In such a situation, the longrange program of action presented in these reports may prove yet another "program on paper."

Professor Antoni Rajkiewicz of the Institute of Labor, Wages, and Social Services, stressed that these reports can be merely regarded as yet another update on the situation and needs of youth. They should represent the starting material for further consideration. What is more, they need to be complemented with new forms and methods of assistance by the state to youth during the period of its transition from school to workplace.

The question of health care was raised by Deputy Minister Leszek Kryst. He pointed out that the reports lack comprehensive information on the subject, information needed to provide youth with proper health care.

The comments offered by the Vice Chairman of the National Board of the ZMW [Union of Rural Youth] Franciszek Szklennik elicited interest. He argued that the reports contain many good intentions but few specific solutions. An endeavor should be made to provide young farmers with adequate social and conditions and services and better access to culture.

The above are but a few comments from a discussion that lasted many hours. These comments, together with the opinions of delegates to the 10th Congress to whom these reports also will be submitted, will provide a basis for developing a government program of youth policies for the period until 1990.

1386

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## ACADEMICS VIEW CONSEQUENCES OF POLES' 'SELF-IMAGE'

Warsaw POLITYKA in Polish No 27, 5 Jul 86 p 10

[Roundtable Discussion: "The Social Awareness of Poles"]

[Text] How do the Poles appraise their social and material condition? Their country's economic and political situation? What further prospects do they view? What is their self-reliance, what are their thoughts concerning the future? These are just a few of the questions posed by the participants in discussions published in the latest (No 5) issue of the monthly WIES WSPOLCZESNA. There are fifty pages of the shorthand report of the unusually interesting debate attended by people representing various fields of science. While advising you to read the feature in full, we are inviting you to read several communications included.

[Mariusz Gulczynski] "As for the factors shaping up the Poles' consciousness as it is today, I believe it has been influenced by the failure of two euphoric stages arisen in connection with hopes for an early, major change in the fate of Poland: The first stage, linked with Gierek's era and based upon the belief that we would be rendered happy by a main paternalistic center as long as all of us in unison obey its recommendations in a way defined as moral-political unity, and the second stage of such euphoria of the sixteen-month period following August 1980, having for its foundation the belief that the people as a whole, with solidarity facing the bureaucratic state and political authority centers would manage to become happy in an even swifter and better way. In both cases, euphoria had faith, and not rational foresight for its basis. The failure of both these stages of hope for the Poles' early and easily-won welfare has resulted in a clash with reality, all the more disagreeable insofar as it did not just blow and substantiality of yesterday's illusions asunder but it also made people foot the bill presented by the crisis.

The state that could be described at the inclination of the majority of Poles to put up with their fate is just the natural outcome of the two defeats and of their objective consequences. Such acceptance was made even easier because--according to the majority's opinion confirmed by other, more objective data--the crisis had affected state agencies and economy as a whole to a greater extent than it did most households."

[Andrzej Tymowski] "There is among us Professor Gulczynski, the agreement 'expert'. It's in a wonderful manner that he is referring thereto (generally speaking, agreement is now widely discussed) but what is happening in practice? What is the actual sphere of action people are allowed? What really autonomous, free initiatives are being implemented; how is their implementation made possible? There are far-reaching, adverse consequences of the excessive regimentation of social life, of the actual impossibility of action (...)

In one of his recent drawings, Szymon Kobylnski, the author of the excellent caricatures of our reality -- perhaps the photographer rather than cartoonist (who might be called both an economist and psephologist, and I would call him Poland's best sociologist due to his vivid grasp of our country's reality) presents it in a very concise manner: "Let's exhume the old promises". But people can no longer be deceived that way (...) Grass roots initiatives are being sterilized by intolerance, and this adversely affects the country's fate not in today's politics alone but its future as well.

It is not significant that the highest degree of initiative is displayed by peasants, the least frustrated group of all. For, inevitably enjoying the relatively widest freedom in implementing their economic and social plans, the peasants are more autonomous than other social groups."

[Stanislaw Kwiatkowski] "The time of aggressive behavior is over, even though not without leaving its traces. The reawakening of apathetic people has been slow in coming, quite a few of them continue feeling wronged, discouraged and disappointed. I am in a position to demonstrate how this has been changing in the course of time, and within various social groups.

At present, a few years later, such frustrations are finding their expression in sharper criticisms. All major social groups have grievances of their own, most of all the more mature youth, people in their thirties, and those retired. The former because they are now starting their families, and in these difficult times this is quite a hard task, and connected with a drop in their standards of living they are accustomed to owing to their parents' acquisitions. The latter group's retirement benefits are soon devaluated by inflation. Even the deserving, better paid ones are grumbling for they earn less than their office girls of some time ago.

Critical remarks, chiefly concerning economy, organization of work, management, waste etc. are being voiced by industrial workers. Such criticisms become more vocal the higher the worker's skills, and the larger his plant and the town he dwells in.

As for the intelligentsia--I am referring to university and/or polytechnic graduates--it's quite diversified in its opinions. These people must be taken into consideration for so much does depend on the social role played by intelligentsia: Those 1,500,000 people are not just intellectuals but higher-qualified government employees and civil engineers as well as the executive level workers, that last group most in favor of the government and of socialism even though not without their own reasons for discontent.

The moods prevailing among peasants are being decided by two matters, namely the prices they are obtaining for their produce, and the production costs (i.e. the relevant relationships) as well as supply, that is what can be purchased in the country, and at what prices."

[Mikolaj Kozakiewicz] Among the mechanisms shaping up the poor state of consciousness over the full 40 years of People's Republic of Poland, I would point to the Poles' lack of feeling of their own performance power. And this is a matter of some importance. The "peasants' moral health" Professor Tymowski was referring to right here has its source in the peasants' being the social class which has always had, and still has, a relatively strong awareness of their effective performance, of influence upon their own fate and progress.

I quite realize that following the 1980 experiences, the authorities have provided a number of new fields of action, and endeavored to improve quite a few old instruments meant to stir up the people's "aspirations to perform" (for instance, the statutes of People's Councils have been changed, self-government has been introduced as well as the PRON, the consultations, etc.); however, this is failing to yield the results desired. People do not take advantage of their expanded rights. Why? (...). To promote mass energy and social initiative it is not enough to open up narrow fields of action for "one's own effectiveness", spheres embodying meters, safety devices and controls. However, authorities are subject to planned limits and safety devices of their own in the form of various theoretical assumptions, never thoroughly revised, and which reduce the authorities' capacity to bring reform from the top down. While the civilization, policy and technology conditions have undergone radical changes, and so have the relationships of forces on both world and national scale, our concept apparatus and range of problems have as a matter of principle remained unchanged. It's true that practical requirements are frequently leading to diverse actions, however unless renewed, theoretical principles do as frequently become barriers hindering such actions. One is allowed to hope that the great reform movement started in the Soviet Union, thanks to Mikhail Gorbachev, will take a step forward in this field as well.

[Wladyslaw Adamski] ... it can be seen from country-to-country comparisons that Polish workers, as opposed to American workers, are surer of themselves, feel no anxieties or frustrations, and this reflects the true situation of their chances; while in the U.S., in spite of generally high standards of living, workers are not self-confident at all. In America, the middle classes, i.e. intelligentsia, display a remarkable feeling of self-reliance. In Poland, the contrary is true: Our intelligentsia as well as a part of the managerial class are quite unsure of themselves.

And here is the problem: Will people whose self-assurance and social position awareness are tottering be flexible enough to create a system of opening and reform?

## PARTY TRAINING INADEQUACIES DISCUSSED

Warsaw TRYBUNA LUDU in Polish 9 Jul 86 p 4

[Article by Zbigniew Maciag, "The Forms Have No Rubrics: What Is In It For Me? What Is In It For the Party: Schooling Cannot Be Just Credited"; a roundtable discussion]

[Text] Throughout the pre-Congress campaign, at individual interviews and meetings of basic party organizations, the topic of party training apparently has been left on the back burner. Does it mean that we can be satisfied with the results of the party's training activity? Does the schooling indeed maintain its high level?

Such and similar questions were supposed to be answered by the participants in a debate held at the Kielce Provincial Ideological Training Center. Among them were Stanislaw Chowaniec, chairman of the Provincial Ideological Commission; Marian Tamiola, lecturer; Jan Hatys, chairman of the Programmatic Council at the Marxism-Leninism Provincial Academy [WUML]; Jozef Myszk, head of the Enterprise Ideological Training Center at the Starachowice Truck Factory; Tadeusz Swiecki, principal of the Provincial Party School; and Alicja Wozniak, head of the WUML.

[M. Tamiola] We continue to provide party training, using methods which are several dozens of years old, and we still lack proper infrastructure. The recent events, nonetheless, signify a certain improvement. The debate about the draft Congress papers was not, after all, devoid of some educational value: it provided ideological, political, and economic training. To a large extent, it has enlivened the party's ideological activity.

[J. Myszk] It seems to me that the training [sessions] which preceded the Tenth Congress were held regularly, arose more interest, and sometimes assumed quite stormy character. But its major shortcoming has still derived from its ad hoc character, from the rallying of all forces in face of some major political event, while more far-reaching tasks should be undertaken on an everyday basis.

[J. Hatys] It is a pity that we have not yet worked out a system of party training we could have been fully satisfied with. We often pay too much attention to the number of [training] sessions, to the accountancy rather than to their quality. The sessions therefore are frequently mere routine,



devoid of the audience's genuine interest. The participation of non-party people at our open meetings is also most uneven.

[T. Swiecki] Dilettantism and red tape still prevail. We are required to lecture at such a great number of meetings, that no one is able to do his job properly. This cannot go on like that.

[Question] What are the factors which determine the effectiveness of our party training?

[S. Chowaniec] Good organization, above all, as well as gifted lecturers, a schooling program, infrastructure, and the audience, obviously. In the workplaces, training should be accorded a proper rank through the participation of the leading cadres, as well as labor union and employees' council activists.

The absence of enterprise management representatives [at party training sessions] indicates [the management's] lack of relationship with the workforce. All too many are, unfortunately, managers and overseers who avoid keeping in touch with the workforce, as if they were afraid of [workers'] opinions and views.

Nor should the adequate preparation, inventiveness, and ingeniousness of our lecturers themselves be ignored. People do not like lecturers from their own enterprise, they prefer to listen to someone unknown.

[J. Hatys] Much depends on the attractiveness of the program. Some organizations prefer political issues; other's prefer economic ones. One should be aware of the problems and know what and where to stress in particular. Similarly important are a proper approach by the management and effectiveness of the [party] executive committee. No less important is the material and technical infrastructure, or means of transportation. Lecturers of the provincial committee, for instance, rarely reach training sessions in some villages and townships, because they find it difficult to get there.

[M. Tamiola] People determine everything. I believe we should form homogeneous training groups, to provide a meeting place for students engaged in similar work and having a similar education. Thus we can avoid so-called "silent sessions," where most of the audience is simply bored. I also doubt whether training should be linked with party meetings, because both are going to suffer.

Our lecturers often know their stuff properly, but are ill prepared to teach.

Why is training directly associated with a lecturer and his audience rather than with a guide and its participants? Simply because we use absolute and ineffective teaching methods.

The programs are not bad, there is ample option to pick up among subjects, while useful role is being played by the "Lecturer's Methodological Handbook" and by the IDEOLOGIA I POLITYKA publications.

[S. Chowaniec] I am worried by the lack of proper infrastructure for training. There are, obviously, enterprises (e.g., the Starachowice Truck Factory), well equipped with methodological workshops, with projectors, tape recorders, or even VCRs, but only just a handful is able to use such help.

[M. Tamiola] The infrastructure is there, but we are unable or unwilling to use it. It is not, after all, a question of building new facilities. This would make no sense at all at a time when many accommodations remain empty. I think we should rather furnish whatever is already available. What do we need computers or VCRs for, when many lecturers still have trouble setting up a projector or a film camera, and even chalk is in short supply.

[Question] During the last school year some Enterprise Centers for Ideological Training [ZOKI] were inaugurated. Did it affect the party training system?

[J. Myszkla] Yes, it did, even though a more in-depth evaluation would still be premature. In an enterprise the new facilities should focus on coordination, and thus would naturally have some indirect impact on the organization of intraparty information, on ideological training, and on party schooling. For the time being, ZOKI have been established in just 9 enterprises, but many others already have some coordination patterns available.

[A. Wozniak] This year 12 ideological training teams will be established, and that should become a major event in our training activity. They will be set up in 6 major enterprises in Kielce Province, among others in ISKRA, CHEMAR, etc., and among some professional people; for instance those engaged in education, culture, media, etc.

[T. Swiecki] The inauguration of the party school has significantly affected the entire training system throughout the province. The first secretaries of basic party organizations, as well as political workers, activists, etc., are being trained there. We assist them, as well as entire basic organizations. I believe that next year we shall have more reasons to be satisfied.

12485/12899  
CSO: 2600/591

## GRUNWALD MEMORIAL UNVEILING, PROCEEDINGS

## 'Patriotic Manifestation' Sets Pace

Warsaw TRYBUNA LUDU in Polish 12-13 Jul 86 pp 1, 2

[Article: "Preparations for Grunwald Anniversary Observation Patriotic Manifestation on Tuesday"]

[Text] This year's 576th anniversary of the Battle of Grunwald will be observed more widely than in previous years. This is the first activity of the National Grunwald Committee's program to be implemented. The Committee was formed last January as a result of a proposal by the PRON National Council.

Among the issues decided upon was that each year in the middle of July a Grunwald Tradition week would be organized. This year the main celebrations will take place in Olsztyn and on the Grunwald battlegrounds.

On Monday, 14 July, the National Grunwald Committee will meet in the Portret Hall of the Olsztyn Polish House. The Committee will take a detailed look at its commissions' workplans. In the evening members will meet with participants of scouting camps from throughout Poland.

On Tuesday there will be a consultation meeting in Olsztyn of representatives of communities which have been awarded the Grunwald Cross, of which there are more than 200. The creation of an association of these communities which will carry out joint actions in managing the battlegrounds is planned. In the afternoon representatives of the region, scouts, and soldiers of the Warsaw Military Region will meet for a patriotic manifestation in front of the reconstructed monument on the Grunwald field of glory. Following this there will be an outdoor party with a rich artistic and sporting program.

Throughout Poland the Grunwald anniversary will be commemorated with concerts, historical-interpretive events, exhibitions, and gatherings of the Polish Scout Union and Polish Army Units named after Grunwald heroes or those honored with the Grunwald Cross.

The symbolic date of the 41st anniversary of the victory over German fascism was the date when the Grunwald Committee inaugurated its work. We would like to recall that the proposal to create this group came from active members from Olsztyn and Krakow. The proposal was based on the conviction of the lasting

influence of the Grunwald tradition on the historical and national consciousness of Poles, the nature of the patriotic ties in our society, and on the development of a sense of national community. Kazimierz Barcikowski, Committee chairman, recalled during the inauguration that Grunwald is an important component in the national ethos. In the Battle of Grunwald the strength and capabilities of the nation then were manifested with great prudence. Pride in this episode of history is justified, but it has nothing in common with nationalism. Pointing to the committee's tasks, K. Barcikowski cited the words of Ignacy Paderewski spoken in Krakow in 1910 at the Grunwald monument unveiled on the 500th anniversary of the battle: "The work we are looking at did not arise out of hate. It arose out of deep love for the Fatherland."

The committee set the framework for the activities program which has been derived from the wish to popularize the issue of Grunwald, the wish to bring up the next generation in patriotism, in love for the fatherland, not against anyone but in preparedness to serve Poland, defend its borders, and sovereignty. In preparing the activities program the following points were taken into consideration: the need to impart dynamism into scientific research; the search for new ways to popularize history and to awaken the interest of this historical era; the necessity to inspire cultural circles to create new artistic events about the Grunwald theme; the opening of the battlegrounds for educational work with youth; and the question of the proper maintenance of the trials and battlegrounds of Grunwald. The program will be worked out in detail during the National Grunwald Committee meeting on 14 July.

#### Past Recalled on 15 July Celebration

Warsaw RZECZPOSPOLITA in Polish 16 Jul 86 pp 1, 2

[Article by Mariusz Dastych: "Patriotic Manifestation on the Grunwald Battlegrounds on the 576th Anniversary of the Historic Victory Formation of the Association of Grunwald Communities"]

[Text] (Own Information) On 15 July approximately 10,000 people with characteristic banners and the granite faces of fighters gathered around the Grunwald monument on the battlegrounds 50 kilometers from Olsztyn. This year's patriotic manifestation, on the 576th anniversary of the remembered battle, is of a different nature than in the past. This year is not an even-numbered anniversary, but this moment will be remembered as the beginning of a new era in the propagation of the Grunwald idea.

During the Partitions period, the gathering of the Polish population took place under the pretext of transporting wood. In 1910 the National Committee for the Observance of the 500th Anniversary of Grunwald wrote in a proclamation that "today we do not have access to the battlefield upon which 500 years ago the almighty leader of the Teutonic Knights fell at the feet of Poland and Lithuania."

Poland returned here for good only after the victory over Hitlerism. The first great manifestation on the battlegrounds took place on 15 July 1945 led by President Bierut and Marshal of Poland Rola-Zymierski. Since that time we

we have observed the anniversary of Grunwald. In 1960 there was a great patriotic gathering at the newly unveiled monument. During this time there were many useful activities designed to perpetuate the image of the battle in the nation's memory. Every year a few hundred thousand tourists, domestic and foreign, visit the battlegrounds.

The word stirring is apt. History has given us a trust in these battlegrounds not only for glory but also for warning and learning.

Youth predominated in the masses of people taking part in the manifestation yesterday on the Grunwald battlegrounds. The chairman of the National Grunwald Committee, Kazimierz Barcikowski, addressed his comments. Earlier he was briefed on the activities of the soldiers of the Warsaw Military Region and on the work of scouts.

Veterans of the fight for a Socialist Poland took part in the ceremonies. Some of them are representatives of the Association of Communities Awarded the Grunwald Cross formed yesterday in Olsztyn.

The 174 representatives of the villages, cities and organizations awarded the Grunwald Cross unanimously voted for the formation of the association. When each representative signed the Act of Establishment he was given a beautiful medal as a souvenir by a girl scout. One side of the medal shows the Grunwald monument and a copy of the Cross with two swords. On the other side there is the figure of King Jagiello on a horse sword in hand with the quote "Give us victory--I will destroy the invaders." The community of Babimost, the voivodships of Kielce and Zamosc, and the cities of Lublin, Poznan, Studzianki Pancerne, Zwierzyniec and Warsaw were chosen for the provisional organizatory commission of the association.

I listened to their comments during the organizing meeting. They spoke of the fate of their cities and villages during and after the war. Stanislaw Antczak of Poznan spoke of how it is still necessary to spread the positive reasons of the nation. Bronislaw Kluska from the village of Zawadka in the Krakow voivodship put it differently, "we met to perpetuate the history and honor of Poles." Jaroslaw Krywoniuk from Modlin spoke for returning to Modlin its historical name. It's actually Modlin and not Nowy Dwor Mazowiecki that was awarded the Grunwald Cross.

Many proposals came up during the meeting such as the suggestion to have a Grunwald Panorama painted, as was done with the Raclawice Panorama. This proposal will be looked at by a commission of the National Grunwald Committee, to be chaired by General Tadeusz Szacilo.

Discussions were held during the organizing meeting of the Association of Communities Awarded the Grunwald Cross and the patriotic manifestation on the Grunwald battlegrounds. The discussions dealt with how to propagate now and in the future the tradition of the Grunwald victory, and at the same time to perpetuate in the national consciousness all the traditions of fighting for independence, which are the contribution of our times. A museum on the battlegrounds was proposed which would be testimony not only to the battle earlier in

history, but also to the achievements of our generation in the fight against Hitlerism. The National Grunwald Committee was formed to find the proper means so that the knowledge of history can be passed on to the next generation and awaken the awareness and national pride of the young. Kazimierz Barcikowski had this in mind when in his address on the 15 July at the beginning of the Grunwald Tradition Week he encouraged the young to "take into possession the whole Grunwald environment, the memory of this battle." Reflection on the history of Poland, of which the Grunwald victory is "one of the bright points" should prompt us to think of the causes and results which created and create the history of the fatherland. In this we should not recoil at getting to the bottom of that which is bitter. I wrote down a sentence uttered by one of the participants, concerning the idea of Grunwald uniting Poles. Both the activities of the National Grunwald Committee and of the Association of Communities Awarded the Grunwald Cross should aim at this goal. The means might lie in the awakening of an active patriotism through working to help the national memory.

It was decided to observe the anniversary on the battlegrounds. Thus it will be possible to comprehend the sense of this year's patriotic gathering. The gathering was to provoke a sense of stirring and to summon the glory of the Polish arms which through artistic means of expression. The verbal and musical show directed by Bohdan Gluszczyk was beautiful, judicious in words and symbols. Following this battle stories were recreated by military simulations. Artistic performances and scout campfires lasted until midnight, with performances by youth of skills and military coordination.

For everyone, however, Grunwald is a "national trust given to us" and seeing that historical consciousness is maintained is a national duty.

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## EFFECT OF REFORM ON VARIOUS SOCIAL STRATA

Budapest VALOSAG in Hungarian No 7, 1986 pp 19-31

[Article by Tamas Kolosi, Academic Deputy Department head, MSZMP Social Science Institute: "Structural Groups and Reform"]

[Text] This is not a scientific analysis. It does not use strictly scientific means of evidence. It is rather a train of thought and fragments of analysis; a particular kind of an essay, a mixture of some results of research and some experience of citizens. I shall make an attempt at elaborating a logical model designed to examine how structure may influence group attitudes to economic and social reform. On this level of abstraction I shall, of course, disregard many factors which affect actual attitudes (from age to political affiliation) and will seek only logically inferential relations.

For 15 years the principal subject of my research work has been the structure of Hungarian society. What I seek is the group structure I can use as a hypothesis to describe the system of inequalities in our society and to understand the working of this society. As a citizen I am primarily concerned in the prospects of Hungarian society and in the ways its falling behind the more advanced regions of the world could be prevented and--what is an essential condition of all this--in the capability of the society of reforming itself. So I should like to examine how the various social groups relate to reform. In this context I have no results of research or data available. So most of what I have written is speculative. However, my creed as a researcher has made me base those speculations upon a relatively unambiguous foundation and to try and describe clearly what I mean by a structural group and by a reform.

## Structural Groups

Our structural development is determined by two intertwining tendencies: the dismantling of the inherited social structure and the taking shape of the multi-dimensional social structure resting upon the emerging social conditions. That means that the traditional units of social structure (classes and strata) are internally differentiating, that is their various groups occupy different positions within the emergent social structure.

The emergent new social structure has (despite the shortness in historical terms of the past 40 years) itself undergone very radical changes. The revolutionary changes which took place in the second half of the forties foreshadowed

the shaping of a model of social reproduction, in which a political centre endeavoured to concentrate all possible resources and wished to use them for its politically determined purposes. This meant a radical disruption of the continuity of historical development. Society with all its surviving historical complexity was hierarchically subjected to the political centre which tried to control the processes of social reproduction through the system of institutions of this hierarchically erected administrative-type apparatus. (One could call this model a redistributive model or--to use the name given to it by Kornai--a model based on bureaucratic coordination; I shall not go in this essay into the circumstances that called it into existence, the part played in its realization by historical conditions, relative backwardness, peripheral situation, the compulsion of a war economy, self-imposed seclusion from the world market, etc.).

This model of reproduction yielded in the short run extremely spectacular successes under the conditions of extensive development and at the same time it produced huge tensions. As those tensions inherent in the model from the very beginning were combined with political mistakes amounting to crime, their accumulation accelerated and caused an explosion in 1956.

The political leadership that came to power after this found itself in a paradoxical situation. It tried--or rather was compelled by its communist commitment and by international connotations--to restore the centralized hierarchic model of reproduction and at the same time to develop a practice of social management which would reduce to a minimum tensions and conflicts by creating a kind of a consensus. For that reason it tolerated (sometimes more at other times less) the evolution of mechanisms of reproduction that were inconsistent with the logic of a hierarchically centralized system of institutions, in fact--in successive waves--it included their coming into existence in its political programmes. Consequently, over past 30 years there has emerged a model of reproduction whose logic one could illustrate with a diagram of the shape of a letter 'L,' the vertical leg of which is the redistributive mechanism of the original socialist model of reproduction and the other one the regulation of reproduction through the market.

In my earlier essays (e.g. in 'Valosag' No 11 of 1982) I have tried to describe this model 'L' in greater detail. I pointed out that the internal differentiation of the political centre of economic management and organization had lent legitimacy to the representation of various particular interests by the different central political organizations. So 'behind the back' of the system of institutions based upon hierarchic subordination there emerged room for the reconciliation of conflicting interests. The part played by the market in the regulation of economic processes has increased first through the recognition of the significance of goods and money relations, then by the expansion of enterprise and local independence and the reform of economic management. However, in enterprises and co-operatives market conditions can be asserted only against a powerful pressure of redistribution while in the second economy now of a massive scale economic processes are regulated by the market alone, in fact a market distorted in many respects, and redistribution is in effect limited to the alternatives of giving more scope or restricting scope. The development of this model 'L' has affected not only the economic processes, but also the whole of social reproduction.



If one tries on a rather abstract level to concretize as social groups the three salient points of the 'L,' we find that producers in a broad sense of the word are to be found at the point where the two legs of the 'L' meet. Producers are faced, or connected, in the field of redistribution with the political power and in the market with the entrepreneurs. The model of re-production in this country can be described on the most abstract level in the way shown in Diagram 1. (See p 20 in Valosag No 7)

If one wants to fill this abstract model with concrete sociological substance, one finds immediately that only a relatively small part of the population is in the three salient points and the greatest majority are in transitional positions between the three salient points.

Although we have no well-founded research results concerning the sociology of power, it is rightly presumed that no class-type unit of social structure has developed round political power in Hungary. A look at the careers of the heads of political, government and other central organizations will reveal an extremely varied picture. We shall encounter---in ever decreasing numbers---leaders who have grown up in the workers' movement before the socialist change, worker cadres risen from the rank and file after the Liberation, leaders belonging to the 'new intelligentsia' educated in the post-war years, intellectuals risen to positions of power, economic managers turned into politicians and people who have climbed up the ladder of the hierarchy of political power. Although this group is linked together by a network of intricate relationships, it is also strongly divided. First divisive factor is the hierarchized structure that follows from the logic of redistribution, the second one is membership of elected bodies which means formal power but is asynchronous with actual position, the third one is in the informal political division following necessarily from the logic of a one-party system, the fourth one is the actual internal division of central authorities according to interests as indicated earlier on and last but not least the deliberate political aim to try and impede the reproduction of a separate political ruling elite by reducing to a minimum the privileges going with positions of power.

The emergence of a group of entrepreneurs operating under pure market conditions is even more firmly restricted. Due to the socialist character of society the accumulation of private capital comes up against very serious obstacles and the participation in power of the re-emerging and strongly restrained stratum of private entrepreneurs has never for a moment arisen. So the entrepreneurial position determined by market conditions is not significant because of the number, and influence, of those occupying such a position rather by the number of people in transitory positions tending towards it.

These are on the one hand the managerial positions expressing the duality of political power and enterprise. The process would deserve a separate analysis, in the course of which a stratum of managers of independent features emerges from the stratum of enterprise and co-operative leaders who are the local representatives of the political power. A part of the stratum of economic managers 'restrictive downwards and mediating upwards' (Kornai) consequently occupying a "contradictory position" (E. O. Wright) even in the redistribution divided into fields of hierarchy and of reconciliation of interests has come to occupy another 'contradictory position' between the political

power and entrepreneurial attitudes simultaneously with the appearance of regulation through the market. This managerial stratum is itself strongly divided according to the individuals' ties with the redistributive and entrepreneurial mechanisms, but it makes its presence felt as an independent agent of reproduction more and more firmly.

On the other hand the duality of the entrepreneur's and producers' position is ever more striking in society; partly in the group of the traditional small-scale producers of commodities and partly in the so-called second economy. By the second economy I mean not illegal and not state organized lucrative activities and redistribution of incomes (Gabor-Galasi). Also this second economy is divided into a distinctive second economy of small-scale producers of commodities and one of entrepreneurs just as there is a significant difference within the official private sector between the commodity producing and entrepreneurial small-scale industry and private small holdings.

By the difference between small-scale commodity production and enterprise I mean that in the former the size of the reward for work done is primarily determined by the amount of work expended while in the latter by the calculated market potential. So in the behaviour of the participants in commodity production the labour market and the commodity market are separate while the entrepreneur considers market potential as a whole. I call, therefore, subsistence farming and small-scale farming selling only surplus produce in the market as well as selling one's labour in the second economy, the second economy of small-scale commodity production while ventures require rational calculation of the market and use of the labour of others whether we are talking of the second economy or the private sector.

There is a typical internal division also of the group of producers. On the level of the abstract model this internal division is determined by the duality of dependence on redistribution and on the market. American sociologist David Stark has proposed a model in which the fundamental difference between capitalist and socialist economy is that in the capitalist world transactions between enterprises take place in the market while the division of labour within each enterprise is administratively and hierarchically regulated; in the East-European socialist countries, on the other hand, enterprises move within an administrative and hierarchic framework but within the enterprises--particularly in the relationship between workers and management--the rules of the market prevail. This very abstract distinction is in reality a far more complex one. Nevertheless, this partly explains why within the framework of redistribution there come into existence within the individual enterprises--to use the phrase coined by Csaba Mako--groups of employees in a central position and in a peripheral position, while outside the enterprise the difference lies in the inequality of the opportunities offered by the 'segmented' labour market and the opportunities for participating in the second economy. Thus through the duality of dependence on redistribution and the market some producers have a certain amount of room for manoeuvre while for groups pushed to the periphery within enterprises who have the least favourable opportunities in the segmented labour market and in the second economy dependence means dual dependence. In fact it is only this last mentioned group--its size is put at 15 to 20 percent of the total labour force--which is in clearly defined position while the positions of the others are again contradictory.

Six groups of producers in different structural positions can be discerned:

1. The dually dependent group just mentioned comprising mainly unskilled manual workers; they are the workers pushed to the periphery of enterprises and co-operatives who are in the worst positions of the segmented labour market and are unable to assert their interests in any way and they cannot compensate for this in the spheres outside the enterprises either. (Their situation is determined by dual dependence even though due to shortages in the labour market some groups of them earn relatively high wages.)

2. The group established on the redistributive leg of the model 'L' which partly occupies the broad middle-field of the hierarchy of redistribution and partly succeeded in acquiring positions more favourable than Group 1 in the field of the reconciliation of interests. This group includes the workers of enterprises, co-operatives and institutions, belonging to the centres in the sense described earlier on whose activity is essentially unaffected by market conditions. The three typical strata of this group are the following: the part of skilled workers employed in big factories in towns for whose skills there is no real demand in the labour market; a considerable part of administrative workers (apparatuses) and those representatives of the professions (intellectuals employed in the armed forces and political administrative apparatuses, some two-thirds of judges, prosecutors and teachers, about half of the technical intelligentsia and one-third of doctors and research workers) whose work in their principal jobs is not regulated by the market and who for various reasons cannot participate in the second economy.

3. The relatively large group whose members are in a position identical with members of Group 1, but have opportunities to participate over and above their principal jobs in the second economy as small-scale producers of commodities and thereby to compensate somewhat for their handicapped position. The great majority of this group is made up of mainly unskilled or semi-skilled manual workers or unqualified white-collar workers who eke out their income with growing farm produce for their own consumption or for the market, but not based on market calculations.

4. A presumably small group is formed by those who are in their principal jobs in a position similar to Group 1, but take part in the second economy as entrepreneur small-scale commodity producers. The number of people belonging to this group is decreasing even in agricultural co-operatives and elsewhere the people in this group use their principal jobs merely as an alibi.

5. A mixture of Groups 2 and 3 is the structural group whose members occupy in their principal jobs the middle field of redistribution and engage in some activity of small-scale commodity production to eke out their incomes. Typical examples are miners and railwaymen cultivating household plots, skilled workers of the building industry and mechanics selling their labour in the evening or during weekends for a far higher price than in their principal jobs and professional people engaging in routine work far below their qualifications in the second economy.

6. Finally the mixture of Groups 2 and 4 produces the group of entrepreneur producers. Most of them behave as entrepreneurs also in their principal jobs

and, if they participate in the second economy, they engage mainly in activities of an entrepreneurial nature. In this group also there is a professional elite just as participants in the new forms of ventures as well as the leading skilled workers of the enterprise work groups.

This pattern of structural groups shows a clear connection with the hierarchy of social inequalities. A straight line representing the hierarchy of general statuses can be drawn in the model 'L' starting from the point where the two legs of the 'L' meet and running between them. So in this system of social reproduction one can reach similar levels of the hierarchy from different structural positions. The 6 structural groups outlined above are so transmitted to the system of social inequalities. This is an important reason of the structurally inconsistent nature of our system of inequalities and of the various structural groups allowing for this multi-channel system of social rise formulating very different strategies aimed at living standards on the whole quite similar to each other. (Diagram No 2, p 23)

This model, of course, does not cover the entire social reproduction and the whole of the population. A good many mechanisms not mentioned here contribute towards the regulation of social reproduction. One ought to consider first and foremost the regulation of social reproduction going beyond a specific social systems or these days the 'household economies' which play an ever increasing part (Sik, Kovach, Augusztónovics). In this essay I deal primarily with modes of reproduction that have a particular effect on the present Hungarian society and are of a dominant nature. So one cannot place into the structural groups outlined earlier on groups of the population which are not direct participants in the mechanisms here described such as, for instance, people who are not lucratively employed. Such groups are linked to the above model through the household economies or the non-economic mechanisms.

#### The Interpretation of the Reform

Let us, however, stick to our chosen subject and take a look at the other concept mentioned in the title. Since reform politics has become an officially accepted platform the reform has been referred to in the most varied senses by the most different political trends which have adopted it as their slogan. That is why I have thought it necessary to outline my own interpretation of the meaning of reform in Hungary in the second half of the eighties. That is how it can be made clear to what I relate the structural groups described earlier on. There is an immense literature of the question--and I have also added my bit--of how the so-called original model of socialist reproduction came into existence in the Soviet Union and what it meant; and the number of books examining how this model was realized in a good many countries in Central and East Europe is also increasing every day.

This model resulted in an extensive economic development at a relatively fast pace--and let us now not consider at what price--permitting a strong centralization of resources and consequently their use with a relatively great freedom by the political leadership thus providing opportunities for the model to be functionally linked to meeting communistic and socialistic demands and for its ideological legitimation on those grounds.

We know what successes were attained by this model, what functional confusion and social tensions it has caused, to what extent it was a challenge stimulating internal reforms in capitalist countries and to what extent it discredited ideals within the workers' movement. It is also widely known what processes of change have started in the socialist countries after the 20th Congress partly in order to purge the model politically and partly opening pragmatic gaps on its strict structure of logic.

However, in the sixties the economic and social sources of extensive development began to run out and the structural changes that took place then, and still continue to take place, in the world market and in the capitalist countries have been, and still are, a fundamental challenge. The gist of the internal challenge is, therefore, that the original model was built upon the logic of extensive development and that the opportunities for such development have been exhausted. At the same time the model called into existence a structure and a system of institutions which resist change. In my opinion the gist of the external challenge is that economic activities which were given high priority in the model have been depreciated by the recession in world economy which has placed into the foreground social spheres--and I have in mind above all the need for quick reaction with the help of communication and new technologies--whose very principle of operation is logically inconsistent with the logic of the model of the original socialist reproduction. Yet, the countries in question were forced to enter the world market at just that time and so for the countries made more open the challenge has become stronger.

It can be stated even without a detailed analysis that two kinds of response to the dual challenge can be given by the socialist countries. (Let us now disregard the possibility of their giving no response either because the sources of extensive development have not yet been exhausted or because it is prevented by the given political structure. Such an alternative would be possible only for few countries and for a period whose length could not be easily predicted.)

I shall call one of the possible responses a rationalizing-retreating response. Its central idea is conserving the original model and with this end in view it shifts ground on two points. On the one hand it makes an attempt at rationalizing socialist redistribution and it endeavours to make use of the latest technologies for this purpose. It will make efforts to rationalize the process of reproduction and to use the centralized resources with the most rational methods possible.

It will make order and discipline its principal slogan and will try to discover a technical basis of centralized rationality in information science, automation and scientific work organization. (Such a use of computer techniques has been most pregnantly indicated and criticized in Hungarian technical literature by Tibor Vámos.) On the other hand its very endeavour to attain rationality will bring home to it the need for permitting the adoption--according to its intentions only temporarily--of certain elements of other models of reproduction in areas of social reproduction, in which centralized rationality is not practicable. (This response is called by Manchin and Szelenyi 'making planning and redistribution scientific.') In my view in an open society with

an economy oriented towards world economy the long-term prospects of such a strategy are not very promising.

I call the other possible response reform. The gist of it is the realization of the fact that within the framework of the original model of reproduction it is impossible to respond in the long run to the dual challenge mentioned earlier on and so the reshaping, reform, of the model of reproduction itself is necessary. Emphatically what is necessary is not only a reform of the economic mechanism but that of the whole mechanism of reproduction, that is a reform of the social and political conditions which control the economic mechanism.

On a purely theoretical level we can set two kinds of models of reproduction against the model of hierarchic redistribution. One is the 'model of market reproduction' and the other a corporative model based on reconciliation of interests. By the latter I mean a model in which an institutionalized conciliation of interests is the basis of the allocation of social and economic resources. The different interests are incorporated in the system of special administrative institutions; the processes of distribution and redistribution and the quantity of goods to be redistributed are regulated and determined by the conciliation of interests by the apparatuses controlling each other (Gorgenyi) and not by hierarchic subordination. (In the sphere of the economy this model could be called also an institutionalized and publicly controlled form of bargaining as analyzed by Laszlo Antal.) To avoid any misunderstanding let us put on record that in both cases I have in mind socialist market economy or interest reconciliation, models that restrict the private ownership of means of production. These two models have a common trait that distinguishes them from the hierarchic distributive model, namely that social units in the broad sense of the phrase (enterprises, co-operatives, settlements, associations, families and individuals) are to have in them a relatively high degree of autonomy. For that reason--to continue to remain on the level of abstraction--I consider the distinctive mark of a reform-oriented attitude the attitude of such autonomies.

All this indicates the possibility of a great variety of trends within the reform so interpreted. Without analyzing the possible variants I should like to point out that I believe in a socialist social reproduction model of many sectors which includes the real market, the model of conciliation of interests by bargaining and hierarchic redistribution. For it is a fact that while the best--although far from perfect--regulator of economic processes so far known is an effective market, the idealization of the market sometimes encountered in our society is contradicted by the development of capitalism, the most highly developed society regulated by the market known so far. For that reason the response to the dual challenge could be a model of reproduction which is designed to make manageable the inner contradictions, and tensions, of all the three models referred to above through the contradictions, and tensions, of the other models.

In my earlier analyses I have tried to prove that those three models of reproduction are present also in our current social structure. The fundamental problem is that the other two models can operate only subordinated to the

hierarchic redistributive model and also the institutional structure is built mainly upon this dominant model. (Although the last 4 or 5 years have seen a speeding up of the change of this institutional structure.) Only units carrying lesser weight as regards the production of national income work under real market conditions.

The majority of enterprises work in a quasi-market under the pressure--called manual control in the economic-political vocabulary--of hierarchic redistribution and use the little--or not at all--institutionalized means of the reconciliation of interests to bend redistribution to suit their interests.

Thus the necessary and immanent disorderliness of the model of several sectors makes an impression of confusion and real untidiness which strengthens the disciplinary reflexes of the first type of response merely rationalizing redistribution and with them the objectively anti-reform tendencies. However, setting things right in the spirit of the reform according to the construction put on it above would require rather the creation of the legal and institutional guarantees of the real market and of institutionalized reconciliation of interests and in keeping with those the setting bounds to the sphere of authority of hierarchic distribution.

In the definition of the three modes of reproduction I have to call attention to two spurious methods. One is the conception of ahierarchic subordination of the three models with the primacy of redistribution as the guarantee of socialism and the continued identification of socialism with the original model of reproduction. The other would differentiate according to the spheres of the economy, i.e. horizontally coordinate market-oriented (e.g. services, retail trade, some agricultural activities), corporative (e.g. sciences, local politics, some industrial sectors) and redistributive (e.g. strategic industries, public utilities and services, health, education) spheres. Rather than those interrelationships the desirable one appears to be one that permits in every sphere of the reproduction of social conditions in an institutional form the reciprocally corrective effects of the three models of reproduction of equal importance.

It has not been the object of this essay--nor can it be done by a single researcher--to describe concretely the interlinking of those three models of reproduction in one structure. In accordance with the actual aim of this analysis I shall only venture to outline starting from the present structure the tendencies which work for a reform and those which work against it. We have arrived first and foremost at the conclusion that the development of autonomies independent from the central power (and the democratization of the central power which this automatically involves), the institutionalization of the mechanisms of the reconciliation of interests, the extension of real market conditions to newer and newer social spheres and the marking off of the sphere of authority of redistribution are conformable with the reform and measures of contrary effect are hostile to the reform.

The next question is what kind of a reform is needed to build an efficient and effectively working socialist society; is it to be the absolute rule of the market resting on a vision of the last century; or a corporation of a

national scale making everything the subject of bargaining between groups; or a model outlined here of modes of reproduction controlling each other, in which economic processes are dominantly regulated by the market, but the operation of the market is rectified by a permanent and institutionalized reconciliation of interests and there is added to this form of correction in the necessary areas--social services, strategic manufacture or infrastructural or scientific innovation not profitable under short-term market regulation--a range of redistributive instruments.

### The Battle That Has Not Been Fought

After the definition of the two basic concepts we can now tackle the examination of the relationship between them. We are, of course, aware of the fact that the attitudes to the reform are certainly not determined by group affiliations and group interests on a macro level alone. The manifestations of individuals are powerfully motivated by individual choices of values, by individual judgments based on scientific or practical thinking, by social connections and jockeying for positions, by ties surviving from the past and individual desires for the future and by a civic sense of responsibility. Of this tangle I can here attempt only to grasp one section, the relationship of the 6 structural groups to the reform as can be expected in view of their various positions.

By examining this we certainly do not wish to emphasize that the future of the reform will be decided by the relationship to it of those groups. Every reform makes the exercise of will from two directions necessary. A reform will take place, or a reform process will gain new momentum, if the decision of the political leadership and support by the masses concerned are simultaneously present. And from this point of view the question is of secondary significance (although objectively fundamental) whether the decision of the political leadership has been motivated by economic or social pressures, or strategic concepts within the political spectrum or the deliberate building of the future. These days international conditions seem to favour the continuation of the reform process and the dual challenge analyzed earlier on makes it very urgent indeed for such a political will to find shape in a strategic concept. By showing the relationship to the reform of the structural groups it is our aim to promote the taking shape of a broad and conscious base of such a political will.

Let us start with the quasi-pure groups. It would follow from the logic of the abstract model that entrepreneurs and small-scale producers of commodities--the participants in the market--are for the reform and political power--in the top position of redistribution--is anti-reform. The equation is, however, not so simple at all. The above syllogism has the greatest validity in the case of entrepreneurs. Their very existence depends on the reform. However, this picture is complicated by two factors. On the one hand, an important part of the recruitment of entrepreneurs is played by a group of the intelligentsia who feel their present careers as entrepreneurs merely a substitute for a real career. They have been attracted partly by better opportunities for material success and for a wider scope and they have been partly thrust towards a change by the failure of bureaucratic structures



for the intelligentsia and/or their lack of success in such structures. This group of entrepreneurs--which is a minority in the thin stratum of entrepreneurs--will stand up for the reform only as long as a rational redistribution equitable for it does not offer its members more prestigious positions. There is another small group of entrepreneurs who are in reality afraid of an institutionalized real market as for its members prosperity is offered by the present amorphous situation. For that reason this group is not interested in going ahead with the reform rather in the stabilization of the present state of affairs.

This attitude to the reform is typical to a considerable part--probably the majority--of the small-scale producers of commodities. The status quo [word indistinct] through the restrictions on the market and consequently on competition and through the liberalism of taxation due to its impracticability compensates them amply for the want of clearness. Only the small-scale producers of commodities who can become entrepreneurs are interested in going ahead with the reform. It is another matter that, if the present quasi-market becomes a real market there will be many more small-scale producers of commodities who are capable of becoming entrepreneurs.

The most complex is the attitude to the reform of the political leadership. This attitude is determined by contradiction between the political leadership occupying the top of scale of redistribution and its fundamental interest in achieving consensus, a consensus which can be sustained in the long run only through the reform. At the same time--following from the original model of redistribution--it has a relatively great autonomy with a freedom of choice greater than structural ties. The outcome of all this is that the attitude to the reform of people associated with the political leadership is determined much more by the variety of political and economic tendencies--by the internal division of power that is mostly hidden from the public due to the structure of a one-party system--than their structural position as a quasi-group.

One finds at the same time the most ambivalent attitude to the reform at the other extreme of the social hierarchy, among Group 1 of the producers. That is so not only because (due to their dual subordination) they are inevitably the losers, but also because they are the least capable of giving their interests expression. To use Csaba Combar's phrase they are the politically anonymous. As far as they are concerned reform or rational redistribution is all the same; what matters to them is that their standard (of satisfying their needs) should not decline and, should, if possible, rise. The assumption is unfounded that a more rational labour management following in the wake of the reform would constitute the greatest threat to the stability of the jobs of the members of this group. For in the labour market this group occupies a place similar to that of 'guest workers' in the advanced capitalist countries and at this stage of the division of labour every economy needs such workers. It is another matter that due to its very defencelessness--this stratum is the easiest to manipulate and it is extremely susceptible to demagoguery of any kind.

The position of Group 3 of producers is in many respects similar. The difference is at most that this group has some opportunities for compensation in

the small-scale producers' second economy and understandably wants to hold on to such opportunities or would give them up only, if rational redistribution offered other realistic and perceptible alternatives. Such an alternative is out of the question as regards the fourth group of demi-entrepreneurs, but could be very real for Group 5 of the producers. For this group uses its positions in the enterprises and in the second economy only for tactical purposes. (The type was very well described a few years ago by Hethy and Mako examining the electricians of a big enterprise, but the position of the office workers belonging to this structural group is in many respects similar.) In the present situation this group is capable of the most effective adaptation, having the requisites for both a reform-oriented strategy and a retrograde one.

At the same time it is a common feature of the groups of producers so far examined that their attitude is necessarily one of imitation and adaptation. They do not have devices for influencing conditions and events, the difference between them is rather in their devices of adaptation to the various types of events and the effectiveness of those devices. According to all indications the objective interests of those groups are, of course, also connected with the reform even though indirectly. Should the reform process get bogged down, the gap between the whole Hungarian society and more developed societies would widen which in the long run would cause a deterioration of the living conditions, and opportunities of mobility, also of the imitating and adapting groups. As far as the trend of events is concerned, however, the attitude to the reform of the managers and the remaining two groups is of decisive significance.

These days the stratum of managers is in the most ambiguous position and at the same time they have the most effective means to enforce changes. This group does not only occupy the position at the point where political leadership, enterprise and producers meet, but it is also exposed to pressures from three directions. For in most recent times the pressure of the quasi-market has been brought to bear upon enterprises without a diminishing of the pressure of redistribution weighing on them, in fact the financial pressure of the latter has increased. (An ever increasing part, which is now in many respects intolerable for the enterprises, of the profits is being taken away from the enterprises as a contribution to the budget and the so-called manual control of the economy has produced a completely unpredictable situation for the managers.) Through the introduction of the new forms of enterprise management managers have been exposed to the pressure of groups within enterprises without pressure upon them from above being decreased to the same extent. It is clear that even the most market-oriented entrepreneur will clamour for redistribution, if his activity is depreciated in some respect by the market, and the believers of a centralized economy will long for the market, if for them redistribution means only taxation; and even the most democratic leader will have a few sleepless nights before the enterprise council, or general meeting, makes its decision affecting his personal career fundamentally and arrived at often not in public debate but by a kind of mud-wrestling.

These manifold pressures explain why these days one finds the stratum most strongly oriented towards change in the group of managers. The real question,

however, is what is the substance of the change desired by them. That is decided when all is said and done by the personal mentality of the manager, the opportunities in the market of the enterprise he is in charge of and to an all too little extent by his market value. The opportunities for restructuring desirable in principle, but restricted under the regulators designed fundamentally to avert tensions, limit attachment to the enterprise to attachment to its present structure which may have no prospects in the market and the limited nature of the mobility of managers makes the personal market value of managers a secondary consideration.

Of the two groups of producers not yet examined Group 6 provides the mass base of the reform and Group 2 is the mass base of anti-reform tendencies, in both cases mostly quite apart from the subjective wishes of the individual members of those groups. For that reason it will be worth our while to take a closer look at those two groups.

As far as the groups in the middle field of redistribution are concerned the market functions in fact only when they enter it as consumers. In their capacity as producers the market is always perceived by them as something hostile to them. To them it is an area that provides opportunities for growing prosperity for other groups--of course, also for failure, but then failures are never seen by any group as a standard of comparison--for them, however, such rise to prosperity is non-existent. For a long time rising in the hierarchy of redistribution was almost the only way of getting on in life and rise in one's social standing. This group has perfectly adapted itself to this state of affairs. Now suddenly it finds that another way has been opened while the opportunities for mobility have narrowed down in the familiar careers.

This group--particularly its influential professional stratum--has sounded the alarm. Their reasoning--naturally greatly simplified--is as follows. Professional skills have been greatly depreciated both morally and as regards rewards which has resulted in a substantial increase of people with higher qualifications throwing up their careers. The all-pervasive 'economic approach' has depreciated human values. The tragic consequences of all this can be redressed, if the prevalence of rational redistribution is restored. The incomes of people with higher qualifications have to be raised while the opportunities for material success in the market are to be limited. The school system which selects on the basis of talent is to be made to meet the rationally calculated demand for labour, training more professional people than needed is to be stopped and an elite responsible for development is to be brought about. The confusion in values--which undoubtedly does exist--is to be replaced by the primacy of the traditional scale of values.

In order to avoid misunderstandings I should like to put on record that I do not want to challenge in the first place the validity of the arguments--or many of them--mentioned above, but rather the proposed solutions or the logic underlying them. I should like to call into question the claim that solution to the real tensions mounting in society can be found only on the basis of the logic of redistribution; the argument that it is not the rigidity of incomes regulation from above that has to be relaxed, but that skills supported by school certificates have to be paid higher centrally; the statement that the

tension between the sphere of the market and the redistributive sphere is to be resolved not by making the redistributive sphere more adaptable but by restricting the sphere of the market; that the crisis of the scale of values is to be treated not by a change in the scale of values rather by restoring the traditional scale.

This group has begun to form a peculiar coalition on this platform recently. It is a coalition. Members of the learned professions who keep out of the market, technocrats who are kept out of the market and the trade unions which are in any case inclined to narrow down the representation of workers' interests to the representation of workers of big factories in towns. This coalition has come to set the tone more and more in the media and it endeavours to extend its influence to the groups of the political leaders and the managers.

Due to its obviously subjective aims this group, too, is divided internally. It is impossible to tell exactly how many of its members are consciously opposed to the reform.

I suppose that a very high proportion of them are personally advocates of the reform and stand up for it in theoretical debates or at least firmly reject the already familiar manifestations of redistribution. Concerning specific practical issues, however, they strengthen--often unintentionally--the anti-reform tendencies. From this angle it is of secondary significance whether those manifestations are motivated by an ambition to participate in the redistributive power or forced by the pressures of existing conditions.

I am, of course, aware of the fact that reality is far more complex than the outline given here, in this case, however, the giving of a sketch of the deep-lying and bare structures appears to be more important. All the more so as, while these structural groups have formed a veritable pressure-group, the group of entrepreneur producers have developed only a rather uncertain articulacy. In principle this group could be the most important mass-base of the reform process (even its estimated number is not smaller than the other group's) but two factors obstruct its becoming an effective pressure-group. One is that it has clearly emerged from the other group over the past 15 to 20 years and its scale of values is still affected by the surviving tradition of its previous structural existence. If one is a professional man he has become inevitably a professional man engaging in venture, but subjectively he prefers to be a professional man and nothing else. The other one is caution members of the group have been taught by history. So far the reform process has been characterized by alternating periods of progress and regress and now they are rightly afraid of the prospect of a period of regress. Their attitude is not based on an offensive strategy, but is a defensive one. They are determined to retain the maximum of freedom of movement, but are concerned primarily with retaining and not expanding it.

That is how this situation of a battle that has not been fought has arisen, in which the fronts are not separated consciously from each other. The structural groups have remained latent groups and momentary interests do not only obscure long-term strategies--such strategies are not even put into words or

form. The professional man turned entrepreneur adopts the phraseology of the redistributive intelligentsia; the redistributive intelligentsia acts according to the logic of redistribution and does not even conceive what it could win by a strengthening of conditions based on the reconciliation of interests and by tolerating the market.

It is a battle that has not been fought also for another reason. The present political structure does not permit the open and democratically controllable clash of differing interests and views. There is a danger that concrete dissatisfaction over concrete cases may accumulate to form--for want of a realization of the political context an anti-reform wave.

There are, of course, also other processes. In recent times the development of the independent characteristics of the stratum of managers has accelerated. (A good framework for that is provided by the Chamber of Commerce.) As the internal differentiation of the working class is going ahead there has been a dramatic shift within the skilled-worker elite towards the group that forms the mass-base of the reform. (The very controversial enterprise economic work groups have a far greater significance in this context than their economic role or effect on enterprise organization.) In the intelligentsia there has been an increase, if only a slow one, of those who want to be specialists as well as entrepreneurs and not just intellectuals in the East European sense of the word. These tendencies strengthen one's faith that the battle that has not been fought may one day be fought.

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